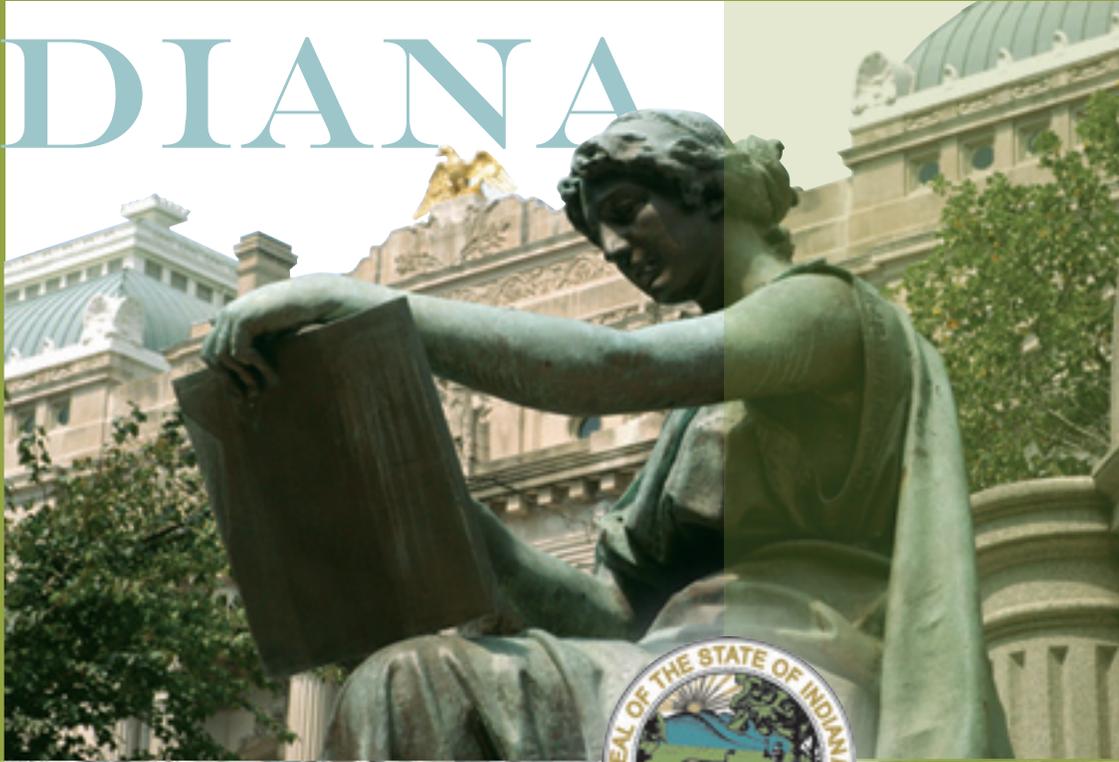


INDIANA



Department of Financial Institutions

08
Annual Report

08

Annual Report

Year Ended December 31, 2008

STATE OF INDIANA
Department of Financial Institutions

Mitchell E. Daniels, Jr.
Governor

Becky Skillman
Lieutenant Governor

Judith G. Ripley
Director





Grabill Bank - Grabill, Indiana



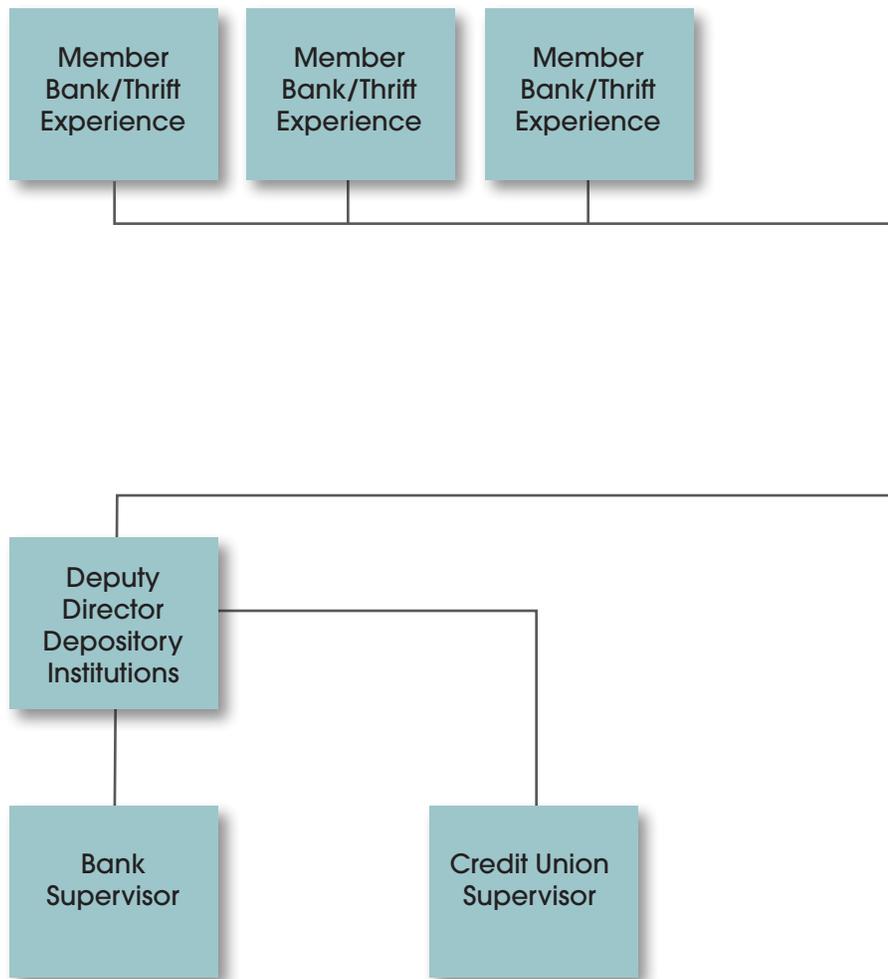
West End Bank - Richmond, Indiana

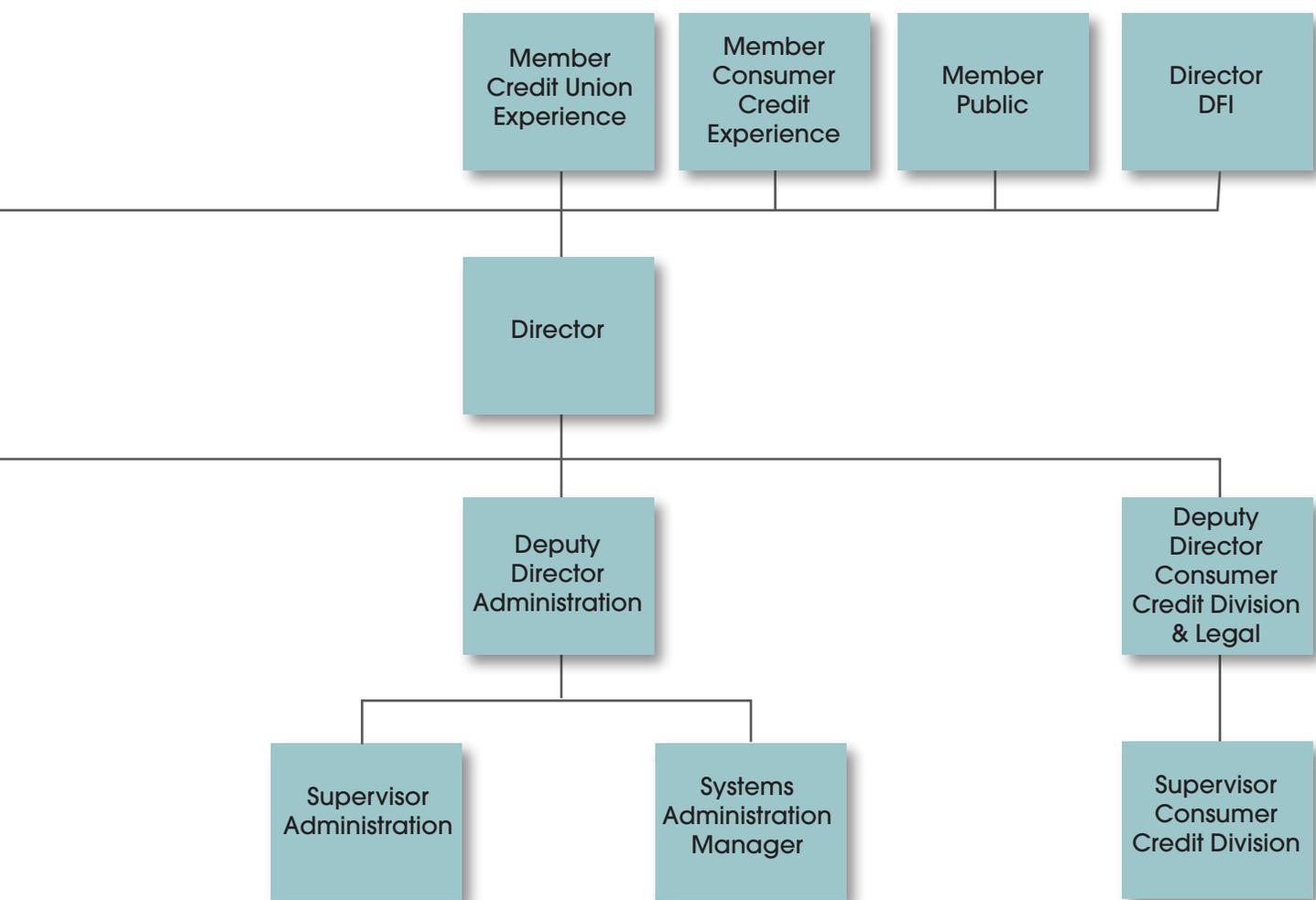
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ORGANIZATIONAL CHART







JUDITH G. RIPLEY DIRECTOR

Much will be written about 2008 and the happenings of the year. It was a particularly difficult time for financial institutions. The challenges that are being felt and will continue to be felt are only now coming to light. Only time will tell the length and breadth of the fallout. We do know the consequences will be enormous.

During the past several years there has been an attitude for relaxing regulation. “Let the market work” was the prevailing attitude. Well, the market did work. The problem with this is that it doesn’t always “work” for the benefit of all. In this instance, the result was serious consequences. The consequence of the relaxation of regulation in the financial industry resulted in a housing bubble that burst and turned into a crisis of global proportions. In the meantime, what started as a housing problem dominoed into a systemic problem for the entire financial industry which spread to the entire economy. The extent is yet to be seen. Going forward we will remind ourselves of the consequences of too much relaxation of regulation

The DFI became concerned about the housing market problems early in the cycle. In 2008, the Indiana General Assembly recognized that changes needed to be made. Legislation was passed that enhanced regulatory oversight of mortgage brokers and brought mortgage lenders—heretofore basically unregulated—under a regulatory scheme. The Legislature gave the responsibility for licensing mortgage lenders to the DFI. As a result, the DFI worked nonstop for passage of the bill to prepare the department to assume these added responsibilities. A big part of the process is the Nationwide Mortgage Licensing System and Registry (NMLSR). The NMLSR is a nationwide database that allows for access to a registry of mortgage originators, lenders and brokers. The system assigns a unique identifier to an individual that is consistent throughout the country. This simplifies the process allowing mortgage lenders, brokers and originators to apply on line only once. After that, they can then be licensed in as many states as needed. In anticipation of a January 1, 2009 date for mandatory licensing the DFI went on line with NMLSR in November so lenders could be licensed for a January 1 start date. In the fall of 2008, Congress passed a law requiring all states to use the NMLSR. The DFI was in the planning stages of implementing the NMLSR system at the time Congress passed the national mandate and began preparing for any changes that would be needed to comply. Thus, the DFI was ready to begin the new duties.

The DFI was already in the process of updating operations as a part of a two-year strategic plan. With the processes in place, the DFI was ready for a smooth transition to the new responsibilities. Additionally, the department is fortunate to have a staff of seasoned examiners who were ready for the challenges that have come.

HISTORY OF DIRECTORS 1933 - 2008

Richard McKinley
from January 1933 to November 1939

Ross H. Wallace
from January 1940 to June 1943

A.J. Stevenson
from July 1943 to December 1944

Joseph McCord
from January 1945 to September 1965

Donald H. Sauer
from October 1965 to June 1969

James Faris
from July 1969 to June 1980

William T. Ray
from July 1980 to June 1983

Ruth D. Harrison
from July 1983 to May 1989

Charles W. Phillips
from June 1989 to June 2005

Judith G. Ripley
from August 2005 to Present



Citizens State Bank - New Castle, Indiana

GOALS AND STRATEGIES

Mission

To regulate and supervise financial services providers in a manner that assures the residents of Indiana adequate and proper financial services; protects the interest of depositors, borrowers, shareholders and consumers; promotes safety and soundness in Indiana financial institutions; and advocates and enforces compliance with applicable state and federal laws.

Vision

To be among the best state financial services regulators in the country by consistently applying appropriate safety and soundness standards, assuring consumer protection, and promoting economic development.

Stakeholders

The Department's primary stakeholders are the public, legislative bodies, regulated financial services providers, other regulatory agencies, financial services associations, and its employees.

Consistent with the Department's identity, vision and goals, the Members, the Executive Team, and the Senior Departmental staff have adopted goals and strategies to:

- Maintain a qualified, diversified, effective, and empowered staff with a focus on continuous improvement, professional development, integrity, and a collegial, challenging work environment.
- Develop and maintain an effective management structure with emphasis on leadership training, continuing technical education, strategic planning, management succession, fiscal responsibility, and policy development.
- Use a set of consistent regulatory standards to evaluate the adequacy of existing regulation and to consider the need for new regulation of financial transactions not presently supervised.
- Be proactive with Indiana State Legislators to keep Indiana in step with the changing financial services environment, protect consumers, and promote economic development.
- Monitor, embrace, and implement advancing technology in all forms of communications and computer technology to maximize Departmental efficiency, to provide more effective regulation, and to challenge our employees towards higher levels of performance.

MEMBERS OF THE DEPARTMENT



Richard J. Rice, Chairman
South Bend
Credit Union Member

Mark A. Schroeder, Vice Chairman
Jasper
Bank/Thrift Member

Donald E. Goetz
Demotte
Bank/Thrift Member

Michael W. Davis
Muncie
Consumer Credit Member

Paul R. Sweeney
Vincennes
Bank/Thrift Member

Jean L. Wojtowicz
Indianapolis
Member at Large

Judith G. Ripley
Director
Department of Financial Institutions

DEPARTMENT PERSONNEL

JUDITH G. RIPLEY

DIVISION OF BANKS AND TRUST COMPANIES DIVISION OF SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS

James M. Cooper, Deputy Director
Randall L. Rowe, Bank Supervisor

SPECIAL ACTIONS

Kirk J. Schreiber, Senior Bank Analyst

REGULATION & SUPERVISION

Richard C. Nelson, Senior Review Examiner

BANK DIVISION EXAMINATION STAFF DISTRICT 1

J. Deron Thompson, Regional Field Supervisor
Thomas C. Fite,
Assistant Regional Field Supervisor

Douglas H. Tussey - I	Chris C. Dietz - I
David H. Hoeferkamp - I	Kevin M. Vaughn - II
Francis J. Tata - I	Vernita L. Early, C.P.A. - III
Jacob P. Swanson - I	Alfred R. Westfall - II
Marc A. Ward - I	David M. Mote - III
Chad L. Kozuch - I	Eric E. Akiwumi - IV

DISTRICT 2

Paul G. Brockman, Regional Field Supervisor
Mark A. Moreland,
Assistant Regional Field Supervisor

Lee T. Reid - I	Janelle L. Tierney - I
Eric S. Neal - I	Patrick W. Land - III
Steven R. Wachter - I	Kristy N. Orr - IV
Robin R. Upchurch - I	Craig R. Smith - IV

DIVISION OF CREDIT UNIONS

James M. Cooper, Deputy Director
Mark K. Powell, Supervisor
David D. Pogue, Field Supervisor

Mark A. Walters - I
Gloria A. Thomson, C.P.A. - I
D. Scott Shelton - I
Matthew R. Dilly - II
Charles R. Hall - III

DIVISION OF CONSUMER CREDIT

John J. Schroeder,
General Counsel and Deputy Director
Mark B. Tarpey,
Supervisor of Consumer Credit Division
James D. Harrell,
Assistant to the Supervisor
P. David Larson,
Compliance Examiner-Special Projects

CONSUMER CREDIT EXAMINATION STAFF DISTRICT 1

Rick A. Bane, Field Supervisor

George M. Hicks - I	Aaron B. Sweet, C.P.A. - III
John D. Heckard - II	Matthew T. Uhl - IV
Ned W. Brown - II	

DISTRICT 2

Scott J. Imbus, Field Supervisor

Kent D. Sager - I	Tabitha M. Butts - II
Dee A. Stauffer - I	Ryan E. Black - IV
Collin P. Shipman - II	

LEGAL DIVISION

John J. Schroeder,
General Counsel and Deputy Director
Constance J. Gustafson, Associate Counsel

DIVISION OF ADMINISTRATION

Gina R. Williams, Deputy Director
Troy D. Pogue, Supervisor of Administration
Daniel T. Burkman,
Systems Administrator - Manager
Lisa Ho, ASA/Programmer - Intermediate
Renita D. Stubbs, UCCC Filing Coordinator
Janice L. Davis, Personnel Assistant
Jan L. Rilenge, Accountant
Beth A. Risacher, Program Coordinator

OFFICE SUPPORT STAFF

Judy C. Jones, Administration Division
Ronda K. Bailey, Executive Secretary
Angie M. Smith, Bank Division
Sharmaine W. Stewart, Bank Division
Georgia R. Wagoner,
Consumer Credit and Credit Union Divisions

EXAMINER CERTIFICATIONS

BANK DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Brockman, Paul G.

Cooper, James M.

Fite, Thomas C.

Moreland, Mark A.

Rowe, Randall L.

Thompson, Deron J.

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

Dietz, Chris C.

Swanson, Jacob P.

Hoferkamp, David H.

Tata, Francis J.

Kozuch, Chad L.

Tierney, Janelle L.

Neal, Eric S.

Tussey, Douglas H.

Nelson, Richard C.

Upchurch, Robin R.

Pogue, Troy D.

Vaughn, Kevin M.

Reid, Lee T.

Wachter, Steven R.

Schreiber, Kirk J.

Ward, Marc A.

Williams, Gina R.

CERTIFIED CREDIT EXAMINER (“CCE”)

Early, Vernita L.

Westfall, Alfred R.

CERTIFIED CREDIT EXAMINER (“COE”)

Land, Patrick W.

Mote, David M.

CREDIT UNION DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Powell, Mark K.

Pogue, David D.

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

Dilly, Matthew R.

Shelton, Scott D.

Thomson, Gloria A.

Walters, Mark A.

CERTIFIED CREDIT EXAMINER (“COE”)

Hall, Charles R.

CONSUMER CREDIT DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Bane, Rick A.

Tarpey, Mark B.

COMPLEX INSTITUTIONS SPECIALIST (“CIS”)

Brown, Ned W.

Imbus, Scott J.

Harrell, James D.

Sager, Kent D.

Heckard, John D.

Stauffer, Dee A.

Hicks, George M.

DEPOSITORY INVESTIGATIONS

SPECIALIST (“DIS”)

Butts, Tabitha M.

Shipman, Collin P.

Sweet, Aaron B.

OTHER CERTIFICATIONS

CERTIFIED PUBLIC ACCOUNTANT (“CPA”)

Early, Vernita L.

Sweet, Aaron B.

Thomson, Gloria A.

CERTIFICATION PLAN OVERVIEW

In 1999 the DFI adopted an examiner certification program that was intended to promote professionalism and provide an improved career path. The DFI Certification Program incorporates the structure developed by the Conference of State Bank Supervisors. It provides for multiple levels of examiner certification, each tied to a financial incentive contingent upon continued successful performance.

The available certification levels are as follows:

Bank and Credit Union Divisions

COE – Certified Operations Examiner

CCE – Certified Credit Examiner

CEIC – Certified Examiner in Charge

CEM – Certified Examinations Manager

CPA – Certified Public Accountant

Consumer Credit Division

CCCE – Consumer Credit Compliance Examiner

DIS – Depository/Investigations Specialist

CIS – Complex Institutions Specialist

CEM – Certified Examinations Manager

CPA – Certified Public Accountant

Both the initial certification and the retention of the designation are dependent upon the examiner's successful performance, and professional development.



DIVISION AWARDS

The following employees celebrated milestone anniversaries with the DFI during 2008:

ADMINISTRATION

Jan Rilenge - 15 Years of Service

BANK DIVISION

Tom Fite - 10 Years of Service

Janelle Tierney - 10 Years of Service

Sharmaine Stewart - 5 Years of Service

Kevin Vaughn - 5 Years of Service

CONSUMER CREDIT

Jim Harrell - 35 Years of Service

Kent Sager - 15 Years of Service

Collin Shipman - 5 Years of Service

Tabitha Butts - 5 Years of Service

Georgia Wagoner - 5 Years of Service

CREDIT UNION

Dave Pogue - 25 Years of Service

Matt Dilly - 5 Years of Service

DEPARTMENT OVERVIEW

The Department of Financial Institutions was created by the Indiana Financial Institutions Act of 1933 (“Act”). This Act incorporated substantially all of the recommendations of a 1932 Study Commission that had been formed to address the regulation and control of financial institutions after the Great Depression of the 1930s. It commissioned the Department with the responsibility for supervising commercial banks, trust companies, private banks, savings banks, building and loan associations, credit unions, and finance companies incorporated under the laws of the State of Indiana. Since that time the scope of the regulatory responsibilities with which the Department has been charged has been broadened substantially. In 1971, Indiana adopted the Uniform Consumer Credit Code “UCCC” in order to simplify, clarify, and modernize consumer credit laws. The Department became the administrator of the UCCC at that time. In addition to regulating licensees under the Uniform Consumer Credit Code, the Department’s responsibility has also been expanded to include the supervision of pawnbrokers, licensees under the Indiana Small Loan Act, industrial loan and investment companies, money transmitters, check cashers, budget service companies, and rental-purchase agreement companies. In 2008, the Indiana State Legislature assigned authority to the Department to license those first lien mortgage lenders who fund their own loans.

The Department is a self-funded (dedicated-funds) agency that is entirely supported by fees paid by the institutions that are regulated and supervised by the Department. Indiana Code 28-11-3-5 grants the Department the authority to generate revenue to fund its ongoing operations. Each year, the Department adopts a schedule of fees to cover operating costs. The Department’s revenue is derived solely from supervision, examination, and license fees that are assessed to those financial institutions that are regulated by the Department.

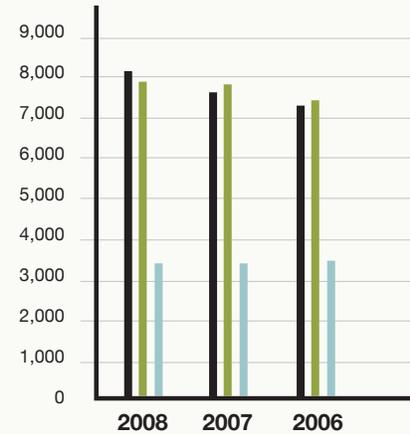
The Department remains a non-cabinet level agency of the executive branch of the Government of Indiana and remains subject to legislative oversight and audit by the State Board of Accounts. The policy-making power of the Department is vested in a bipartisan board of seven Members who are appointed by the Governor. The Director of the Department serves as an ex officio voting Member. Indiana law requires that three of the Members shall be persons of practical experience at the executive level of a state chartered bank; a state chartered savings association; or a state chartered savings bank; one Member shall be a person of practical experience at the executive level of a lender licensed under I.C. 24-4.5; one Member shall be a person of practical experience at the executive level of a state chartered credit union. In the appointment of the remaining Member of the Department, the Governor shall have due regard to a fair representation of the consumer, agricultural, industrial, and commercial interests of the state. Not more than three Members can be affiliated with the same political party.

The Executive Team consists of the Director, who serves as the Chief Executive and Administrative Officer and three Deputy Directors. The Director is responsible for the administration of the policies established by the Members and all applicable legislative actions or policies. The Director exercises managerial control over the work of the Department, including its staff of deputies, supervisors, examiners and administrative personnel.

Within the Department there are five divisions, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Consumer Credit, Division of Credit Unions, Division of Administration, and the Legal Division.

REVENUE AND EXPENDITURES

REVENUE	2008	2007	2006
Bank Fees	4,114,073	3,647,342	3,164,304
Savings & Loan Fees	40,928	47,896	49,346
Credit Union Fees	819,432	795,341	698,499
Pawnbroking Licensing Fees	90,565	92,230	98,725
Application /Misc. Fees	93,681	79,654	60,163
Budget Service Company Fees	10,007	7,420	3,630
UCCC Fees	2,160,626	2,314,198	2,402,205
Payday Lenders	558,925	609,195	617,030
Rental/Purchase License	43,195	43,715	42,395
Money Transmitter Fees	48,255	29,400	25,353
Check Cashers Fees	62,442	54,770	42,365
Total Revenue	\$8,042,129	\$7,721,161	\$7,204,015



EXPENDITURES	2008	2007	2006
Personnel Costs	6,477,258	6,289,455	5,776,440
Utilities, Postage, and Subscriptions	194,051	170,108	180,039
Contract Services	462,672	444,185	428,818
Office Supplies	24,913	27,483	41,589
Equipment/EDP Development/Software			
Uiopment	76,702	64,070	89,104
Travel In-State	498,086	577,084	563,984
Travel Out-of-State	15,537	22,726	16,448
Personnel Development & Related Travel	203,431	248,413	174,227
Total Expenditures	\$7,952,650	\$7,843,524	\$7,270,649

	2008	2007	2006
■ Revenue	8,042	7,721	7,204
■ Expense Fund	7,953	7,844	7,271
■ Balance	3,525	3,436	3,553

Net Revenue (Expenditures)	89,479	(122,363)	(66,634)
Cash Balance, July 1	3,442,489	3,564,852	3,631,486
Cash Balance, June 30	3,531,968	3,442,489	3,564,852
Less Encumbrances	6,505	6,365	11,824
Fund Balance, June 30	\$3,525,463	\$3,436,124	\$3,553,028

LEGISLATIVE CHANGES

The department was instrumental in the passage by the 2008 General Assembly of legislation relating to financial institutions and consumer credit organizations. These bills, **SB 352** and **HB 1359**, contained many provisions relating to depository and non-depository financial institutions and consumer credit registrants and licensees. Most significantly, the department worked with the General Assembly, representatives of the financial services industry and members of the public in preparing new legislation for the regulation of first lien mortgage transactions.

The Governor signed **SB 352** on March 19, 2008, and **HB 1359** on March 24, 2008.

Highlights of these two bills are as follows:

Changes Affecting the Department of Financial Institutions:

Use of Credit and Debit Card: A new provision has been adopted allowing the department to accept payments by credit and debit cards. [IC 28-10-1-1]

Confidential Information: The provisions on confidential information as described in IC 28-1-2-30 have been amended to allow the director under certain circumstances to disclose confidential information to two new types of organizations: state, federal and foreign money services business supervisory agencies and the Federal Home Loan Bank. The director is also authorized to disclose confidential information to state, federal and foreign law enforcement, financial institution supervisory agencies, prosecutorial agencies, private insurers of deposit or share accounts and other agencies responsible for licensing or supervising any regulated business or nonprofit activity. In addition, the law has been clarified to provide that the confidential information provided by the director is:

- privileged by law, remains the property of the Department and is not subject to inspection under IC 5-14-3;
- not subject to subpoena;

- not subject to discovery or admissible in evidence in any civil action.

Finally, the director may enter into information sharing agreements with parties authorized to receive such confidential information.

Final Orders Confidential: The director may keep a final order confidential if the director determines that the immediate release of the order would endanger the stability of the financial institution or the security of depositors' funds.

However, two (2) years after the date of its issuance, a final order is no longer confidential under IC 28-1-2-30. [IC 28-11-4-7].

Changes Affecting All Financial Institutions and Consumer Credit Organizations Regulated by Department:

Recordkeeping: New section 30.5 has been added to IC 28-1-2 addressing recordkeeping security issues. These recordkeeping requirements apply to the following individuals and entities:

- depository and non-depository financial institutions under Title 28,
- consumer credit licensees and registrants under the UCCC,
- rent to own companies under IC 24-7 and
- other persons subject to the regulation of the department under Title 28, including pawnbrokers, money transmitters and check cashers.

The provisions define such terms as "personal information" (i.e. names, addresses, social security numbers, credit card numbers, etc.) and "personal records" (i.e. any paper or electronic records with unencrypted, unredacted personal information of customers or potential customers). The security provisions require that personal records be reasonably safeguarded from destruction, theft or other loss and protected from misuse. If a breach of security of any personal records occurs, the person maintaining the records is subject to the disclosure requirements under IC 24-4.9-3 (law requiring

LEGISLATIVE CHANGES

database owners to disclose security breaches), unless the person is exempt from the disclosure requirements under IC 24-4.9-3-4 (i.e. the database owner is subject to other information security laws). [IC 28-1-2-30.5]

New Procedures for Establishing Financial Responsibility, Character and Fitness: In addition to other background checks considered necessary by the director, the managers, officers, directors, incorporators and principal owners of proposed financial or consumer credit institutions may have their credit histories reviewed and will be required to undergo a national criminal history background check (as defined in IC 10-13-3-12) by the Federal Bureau of Investigation based on fingerprint identification or any other method of positive identification.

- The individuals described above will be required to submit fingerprints to the department for processing by the Indiana State Police Department. The individuals submitting their fingerprints are responsible to pay any fees or costs associated with obtaining and reviewing the criminal background check. [IC 28-11-5-4.5]
- The State Police is working with the department and other agencies to establish a system that will allow national criminal history background checks to be performed electronically by the State Police, thereby eliminating the need to submit fingerprints on paper forms. Until such a system is operational, individuals described above must obtain a fingerprint card and instructions from the department, and be fingerprinted by their local law enforcement authority. The fingerprint card will then be submitted to the department by the law enforcement agency, and forwarded by the department to the State Police. [IC 28-11-5-4.5]

First Lien Mortgage Lending Act:

License Required: Effective January 1, 2009, persons who are regularly engaged in Indiana as a creditor in first lien mortgage transactions, and

who are funding the loan with their own assets or line of credit, must first obtain a license from the department. [IC 24-4.4-2-401] The First Lien Mortgage Lending Act applies to a first lien mortgage transaction:

- that is made only for a consumer purpose;
- that is secured by an interest in land in Indiana; and
- the closing of which takes place after December 31, 2008. [IC 24-4.4-1-201 (1)]

Exclusions: The First Lien Mortgage Lending Act does not apply to:

- A first lien mortgage transaction if the debtor is not a resident of Indiana at the time the transaction is entered into and the laws of the debtor's state of residence require that the transaction be made under the laws of the state of the debtor's residence. [IC 24-4.4-1-201 (2)]
- Extensions of credit to government or governmental agencies or instrumentalities.
- A first lien mortgage transaction in which the debt is incurred primarily for a purpose other than a personal, family, or household purpose.
- An extension of credit primarily for a business, commercial or agricultural purpose.
- A first lien mortgage transaction made in compliance with the requirements of and by a community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds from the Indiana Housing and Community Development Authority established by IC 5-20-1-3.
- A supervised financial organization.
- An operating subsidiary that is majority owned, directly or indirectly, by a supervised financial organization to the extent the operating subsidiary is regulated by the chartering authority of the supervised financial organization.

LEGISLATIVE CHANGES

- A credit union service organization that is majority owned, directly or indirectly, by one (1) or more credit unions.
- Agencies, instrumentalities and government owned corporations of the United States, including United States government sponsored enterprises. This exclusion applies only to these entities, not to other entities that originate loans for sale to these entities. [IC 24-4.4-1-202]

Financial Standards: Like applicants for consumer loan licenses, an applicant for a first lien mortgage license must provide a CPA review or audit level financial statement showing a minimum \$100,000 net worth and \$50,000 in liquid assets. In addition, applicants for first lien mortgage licenses will be required to provide the department with a \$100,000 surety bond.

Definition of Supervised Financial Organization: A “supervised financial organization” means a person that is organized, chartered or holding an authorization certificate under the laws of a state or of the United States authorizing the person to make loans and to receive deposits, including deposits into a savings, share, certificate or deposit account; and is subject to supervision by an official or agency of a state or of the United States.

- Examples of supervised financial organizations are national and state banks, trust companies, corporate fiduciaries, savings associations, credit unions, savings banks, banks of discount and deposit or industrial loan and investment companies organized or reorganized under Indiana law, the law of another state (as defined in IC 28-2-17-19) or United States law.

Nationwide Mortgage Licensing System and Registry: The department has designated the Nationwide Mortgage Licensing System and Registry, which has been developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators, to be used by licensees under the new First Lien Mortgage Lending Act. This licensing

system is web-based and will allow mortgage lenders to apply for, amend, update or renew their licenses or registrations using uniform forms from participating state agencies throughout the U.S. [IC 24-4.4-2-201 (10) and (11)]

Short Sales: If a first lien mortgage transaction is delinquent for at least sixty (60) days and a written offer is received in connection with a proposed short sale, the creditor, servicer or the creditor’s agent must acknowledge receipt of the offer not later than ten (10) business days after the date of the offer. Further, not later than thirty (30) business days after receipt of an offer for a proposed short sale, the creditor, servicer or creditor’s agent is required to either accept or reject the offer. [IC 24-4.4-2-201 (2)]

Banks and Trust Companies, Stock Savings Banks, Holding Companies, Corporate Fiduciaries and Industrial Loan and Investment Companies:

Naming Conventions: The naming convention provisions have been amended to add limited liability companies to the list of entities that are prohibited from using the words “bank,” “banc” or “banco.” Additionally, the law has been amended to clarify that a person may not mislead a consumer by referencing the consumer’s financial institution in a mailing to that consumer. Finally, the naming convention provisions have been further refined to make it clear that the words “bank”, “banc” and “banco” can be used by non-banks if there is no substantial likelihood of misleading the public. [IC 28-1-20-4]

Banking Facilities at Schools: A new provision has been adopted to allow state banks to set up facilities at schools for educational purposes without department approval. [IC 28-1-2-22.6]

Examination Reports: A new provision now allows a bank to provide a copy of its DFI examination report to the Federal Home Loan Bank in connection with fulfilling its membership requirements.

LEGISLATIVE CHANGES

Limited Liability Companies: The Indiana Financial Institutions Act has been amended so that a financial institution with the prior approval of the department may be organized as a limited liability company, convert to a limited liability company or merge with or into a limited liability company under the laws of Indiana or the United States. [IC 28-11-5-10]

Emergencies: A financial institution is permitted to close one or more of its offices upon the occurrence of an emergency. The definition of “emergency” has been amended to include declarations of emergency by the governor and to permit closings for the death of a former employee, officer or director. [IC 28-13-10-9]

Credit Unions:

Loans to Credit Union Officers, Directors and Committee Members: Article 7 of the Indiana Financial Institutions Act relating to credit unions has been amended to bring Indiana laws on loans to directors, committee members and officers in line with similar provisions under federal law. [IC 28-7-1-17.1, 28-7-1-17.2 and 28-7-1-17.3]

UCCC: Consumer Credit Sellers, Lenders and Lessors:

Disguised Transactions: The rules of construction governing the interpretation of the UCCC have been amended to allow the director to exercise discretion in determining whether a transaction is subject to the UCCC, particularly if it is, in the director’s opinion, a disguised consumer credit transaction. [IC 24-4.5-1-102(5)]

Territorial Application: Compliance with the territorial application provisions must occur if a solicitation is made in Indiana directly by creditor or someone acting on behalf of the creditor. [IC 24-4.5-1-201 (d)] The territorial application provision has also been amended to clarify that the UCCC does not apply to a consumer transaction which is secured by an interest in land located outside Indiana. [IC 24-4.5-1-201(1)(e)]

Short Sales: Short sale provisions similar to those applicable to first lien mortgages have been adopted in the UCCC for subordinated mortgages on consumer credit sales and loans. [IC 24-4.5-2-209 (4) and IC 24-4.5-3-209 (4)]

Small Loans (also known as Payday Loans):

Rights and Obligations of Assignees: The Small Loan Act has been clarified to provide that the payday lender’s assignee has only the same remedies, and is bound by the same restrictions, as the originating payday lender. These practices also address situations where a creditor assigns a loan to a collection agency that then tries to pursue collection through methods not available to the originating payday lender or engage in practices prohibited by originating payday lenders. [IC 24-4.5-7-406 and 410]

Pawnbrokers:

Liquidation: As of July 1, 2008, the liquidation provisions of the pawnbroker law establish a procedure for liquidating a pawnbroker, including oversight of the liquidation by the department and, in the director’s discretion, the appointment of a liquidating agent. [IC 28-7-5-10.1]

Debt Management Companies (formerly known as Budget Service Companies):

Change of Name: Budget service companies are now called debt management companies.

BANK AND TRUST DIVISION

The bank and trust division is responsible for the supervision of Indiana's state-chartered commercial banks, savings banks, savings associations, industrial loan and investment companies, and corporate fiduciaries. The division, through examination and supervisory activities, seeks to ensure that these organizations are operated in a safe and sound manner, that the public has confidence in the financial system, and that the interests of depositors, creditors and consumers are protected. Examinations, financial report analysis, and monitoring are the primary tools used to meet these responsibilities. Division staff is also responsible for applying the laws that govern regulated institutions. Titles 28 (Financial Institutions), 29 (Probate), and 30 (Trusts and Fiduciaries) of the Indiana Code are the relevant state laws.

There were 92 FDIC-insured state-chartered commercial banks, seven FDIC-insured state chartered savings banks, one FDIC-insured state chartered savings association, one FDIC-insured industrial loan and investment company and one non-depository industrial loan and investment company in Indiana as of December 31, 2008. In addition, there were nine corporate fiduciaries and three inactive industrial loan and investment companies under the jurisdiction of the division, and not included in the consolidated financial information as of December 31, 2008. There were 18 national banks domiciled in Indiana as of December 31, 2008.

Indiana's state-chartered financial institutions under the jurisdiction of the division reported total consolidated assets of \$40.1 billion at the end of 2008 which represented a 3.18% increase from the year-end 2007 total. Indiana's economic challenges are reflected in the performance and condition of Indiana's financial institutions. Earnings of many institutions are under stress, and asset quality is showing continuing deterioration. In 2008, 12.5% of all Indiana financial institutions were unprofitable compared to 7.26% in 2007. The aggregate provision to the allowance for loan and lease losses for all state-chartered banks more than doubled from \$190 million for 2007 to \$474 million for 2008. Loss provisions represented 27.3% of the state-chartered

banks net operating revenue. National banks loan provisions also increased significantly from \$56 million to \$170 million during the same time frame.

Pressure on bank liquidity continues to intensify. Banks continue to use a variety of alternative funding, such as Federal Home Loan Bank advances, federal funds, brokered deposits, banker's banks, and asset securitization. The ongoing increase in and reliance on noncore funding has resulted in shrinking interest rate margins, liquidity and market risk management concerns and increased regulatory scrutiny. The shift from core funding to noncore funding in conjunction with strong loan demand has caused loan to deposit ratios to reach notable highs. As of December 31, 2008, the Loan to Deposit ratio for state banks was 99.70% and 94.30% for national banks.

The aggregate return on assets ("ROA") for state chartered financial institutions in 2008 was -0.09%, down from 0.66% at year-end 2007. National banks aggregate ROA decreased from 0.93% to 0.22% during the same time-frame. Net loan charge-offs for state chartered financial institutions amounted to 1.01% of total loans and leases, increased from 0.42% a year earlier. Net loan charge-offs for national banks also increased from 0.44% as of December 31, 2007 to 0.74% as of December 31, 2008.

Aggregate equity capital in Indiana's state chartered financial institutions declined 1.80% at \$3.88 billion at year end 2008, down slightly from \$3.95 billion in 2007. The total equity capital to total assets ratio was 9.67%, down from 10.16% at year-end 2007. National banks aggregate equity capital was down 18.24% from the 2007 level to \$1.999 billion. The total equity capital to total assets ratio for national banks decreased from 10.41% at year-end 2007 to 9.59% at year-end 2008.

Consolidated statements of income and balance sheets for Indiana financial institutions, as well as other statistics and activity can be found on the following pages. It should be noted that the Savings and Loan Division was consolidated into the Bank and Trust Division; therefore, all previous years' financial information were also consolidated for comparative analysis.

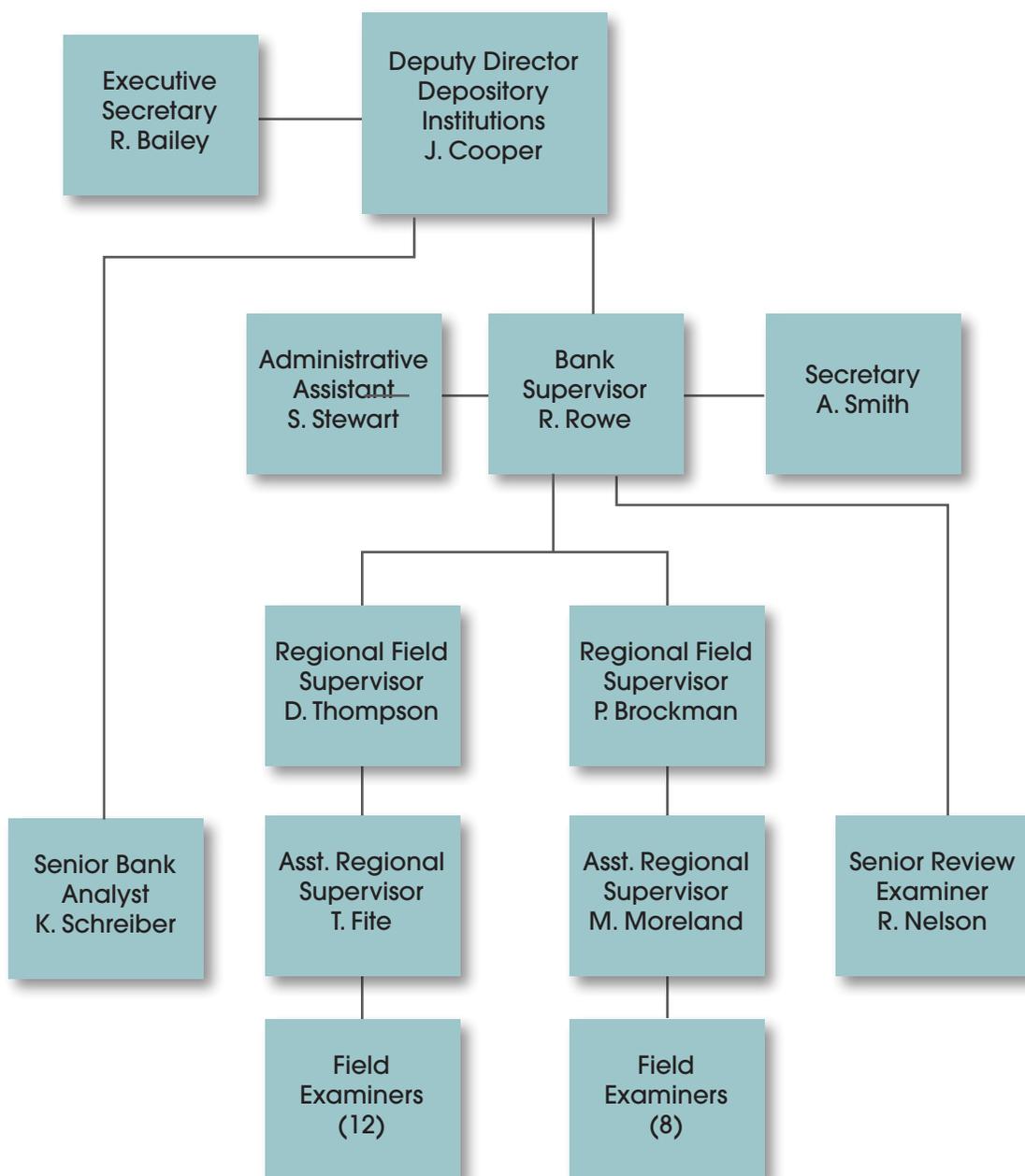
DIVISION MILESTONES

- One state chartered commercial bank was merged with and into a Kentucky state chartered commercial bank.
 - The Farmers State Bank, Lanesville effective June 25, 2008
- One state chartered mutual savings and loan association was eliminated through a merger with and into a Kentucky state chartered commercial bank.
 - Warrick Loan & Savings Association, Boonville effective January 25, 2008.
- There were no bank failures in Indiana during 2008.
- On March 14, 2008, the Department celebrated its 20th year of CSBS Accreditation.
- On March 31, 2008, the Department's Lafayette District Office was moved to the northwest side of Indianapolis located at 10 Fortune Park.
- The Department implemented a new Federal Reserve Bank nomenclature for the Report of Examination effective April 1, 2008.





BANK DIVISION



COMPARATIVE STATEMENT

State Chartered Banks

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/08	Percent Change	12/31/07	Percent Change	12/31/06	Percent Change	12/31/05
Assets	40,134	3.18%	38,897	1.62%	38,277	6.43%	35,964
Deposits	30,265	5.17%	28,777	-1.18%	29,121	7.66%	27,048
Total Equity Capital Adjusted	3,880	-1.80%	3,951	2.41%	3,858	6.37%	3,627
Tier 1 Capital	3,529	-3.89%	3,672	1.02%	3,635	3.38%	3,516
LVR	607	45.56%	417	18.13%	353	7.29%	329
Total Capital	4,136	1.15%	4,089	2.53%	3,988	3.72%	3,845
Total Net Charge-Offs	305	147.97%	123	112.07%	58	28.89%	45
Total Gross Loans & Leases	30,175	2.93%	29,316	5.11%	27,892	6.33%	26,232
Total Securities	6,126	3.32%	5,929	-1.23%	6,003	2.65%	5,848
Federal Funds Sold	346	-22.77%	448	-38.96%	734	50.72%	487
Interest Bearing Balances	385	78.24%	216	-38.98%	354	29.67%	273
Trading Account							
Securities	10	-23.08%	13	18.18%	11	57.14%	7
Total Earning Assets	36,435	2.62%	35,505	2.49%	34,641	6.53%	32,518
Total Interest Income	2,301	-7.92%	2,499	7.72%	2,320	19.83%	1,936
Total Interest Expense	964	-19.40%	1,196	15.11%	1,039	49.07%	697
Net Interest Income	1,337	2.61%	1,303	1.72%	1,281	3.39%	1,239
Total Non-interest Income	401	7.22%	374	3.31%	362	-11.49%	409
Total Non-interest Expenses	1,223	9.00%	1,122	4.18%	1,077	-6.02%	1,146
Loan Provisions	474	149.47%	190	140.51%	79	29.51%	61
Net Income	-37	-114.80%	250	-19.09%	309	-0.64%	311

The financial information to compile this schedule and the following financial schedules was obtained through the Federal Deposit Insurance Corporation's Statistics on Depository Institutions Database.

COMPARATIVE STATEMENT

State Chartered and National Banks

ACCOUNT DESCRIPTIONS (\$ IN MILLIONS)	State 12/31/2008	National 12/31/2008	State 12/31/2007	National 12/31/2007
Number of Banks	102	18	104	20
Consolidated Balance Sheet				
Total Gross Loans & Leases	30,175	14,364	29,316	15,621
Total Allowance for Loans & Leases (ALLL)	607	219	417	190
Total Net Loans & Leases	29,568	14,145	28,899	15,431
Total Securities	6,126	4,477	5,929	4,792
Total Interest Bearing Balances	385	108	216	105
Total Fed Funds Sold/Repurchase Agreements	346	125	448	663
Total Trading Accounts	10	0	13	54
Total Earning Assets	36,435	18,855	35,505	21,045
Total Cash and Due From Bank	1,028	448	1,042	722
Total Premises and Fixed Assets	605	232	573	271
Total Other Real Estate Owned	92	47	59	16
Total Other Assets	1,974	1,273	1,718	1,427
Total Assets	40,134	20,855	38,897	23,481
Average Assets	39,775	20,633	37,952	23,100
Retail Deposits	26,306	13,396	24,947	15,210
State and Political Subdivision Deposits	3,959	1,836	3,830	2,307
Total Deposits	30,265	15,232	28,777	17,517
Total Fed Funds Purchased	1,188	1,296	1,674	1,692
Total Other Borrowed Funds	4,384	1,858	4,049	1,335
Total Subordinated Debt	32	155	32	155
Total All Other Liabilities	385	315	414	337
Total Liabilities	36,254	18,856	34,946	21,036
Total Equity Capital	3,880	1,999	3,951	2,445
Total Liabilities and Equity Capital	40,134	20,855	38,897	23,481

COMPARATIVE STATEMENT

State Chartered and National Banks

ACCOUNT DESCRIPTIONS (\$ IN MILLIONS)	State 12/31/2008	National 12/31/2008	ALL 12/31/2008	ALL 12/31/2007	% CHANGE
Number of Banks	102	18	120	124	
Combined Statement of Condition					
Total Gross Loans & Leases	30,175	14,364	44,539	44,937	-0.89%
Total Allowance for Loans & Leases (ALLL)	607	219	826	607	36.08%
Total Net Loans & Leases	29,568	14,145	43,713	44,330	-1.39%
Total Securities	6,126	4,477	10,603	10,721	-1.10%
Total Interest Bearing Balances	385	108	493	321	53.58%
Total Fed Funds Sold/Repurchase Agreements	346	125	471	1,111	-57.61%
Total Trading Accounts	10	0	10	67	-85.07%
Total Earning Assets	36,435	18,855	55,290	56,550	-2.23%
Total Cash and Due From Bank	1,028	448	1,476	1,764	-16.33%
Total Premises and Fixed Assets	605	232	837	844	-0.83%
Total Other Real Estate Owned	92	47	139	75	85.33%
Total Other Assets	1,974	1,273	3,247	3,145	3.24%
Total Assets	40,134	20,855	60,989	62,378	-2.23%
Average Assets	39,775	20,633	60,408	61,052	-1.05%
Retail Deposits	26,306	13,396	39,702	40,157	-1.13%
State and Political Subdivision Deposits	3,959	1,836	5,795	6,137	-5.57%
Total Deposits	30,265	15,232	45,497	46,294	-1.72%
Total Fed Funds Purchased	1,188	1,296	2,484	3,366	-26.20%
Total Other Borrowed Funds	4,384	1,858	6,242	5,384	15.94%
Total Subordinated Debt	32	155	187	187	0.00%
Total All Other Liabilities	385	315	700	751	-6.79%
Total Liabilities	36,254	18,856	55,110	55,982	-1.56%
Total Equity Capital	3,880	1,999	5,879	6,396	-8.08%
Total Liabilities and Equity Capital	40,134	20,855	60,989	62,378	-2.23%

COMBINED STATEMENT

State Chartered and National Banks

ACCOUNT DESCRIPTIONS (\$ IN MILLIONS)	State 12/31/2008	National 12/31/2008	State 12/31/2007	National 12/31/2007
Number of Banks	102	18	104	20
Consolidated Income Statement				
Total Interest Income	2,301	1,110	2,499	1,396
Total Interest Expense	964	422	1,196	669
Total Net Interest Income	1,337	688	1,303	727
Total Non Interest Income	401	221	374	245
Total Non Interest Expense	1,223	699	1,122	626
Total Loan Provisions	474	170	190	56
Total Pre Tax Operating Income	41	40	365	290
Total Securities Gains/Losses	-87	-9	-2	-2
Total Applicable Income Tax	-9	-15	83	73
Total Income Before Extraordinary Items	-37	46	280	215
Total Net Extraordinary Items	0	0	30	0
Total Net Income	-37	46	250	215
Total Net Charge-Offs	305	106	123	68
Total Cash Dividends Declared	189	140	219	240
Ratio Analysis				
Net Income to Average Assets	-0.09%	0.22%	0.66%	0.93%
Net Income to Year End Total Equity	-0.95%	2.30%	6.33%	8.79%
Net Interest Income to Average Assets	3.36%	3.33%	3.43%	3.15%
Total Loans to Total Deposits	99.70%	94.30%	101.87%	89.18%
Loan Loss Provisions to Total Loans	1.57%	1.18%	0.65%	0.36%
ALLL to Total Loans	2.01%	1.52%	1.42%	1.22%
Net Charge-Offs to Total Loans	1.01%	0.74%	0.42%	0.44%
Total Equity Capital to Total Assets	9.67%	9.59%	10.16%	10.41%
Total Equity Capital and ALLL to Total Assets and ALLL	11.01%	10.52%	11.11%	11.13%

RETURN ON ASSETS (ROA) IN INDIANA 2008 VS. 2007

State Banks

(\$ IN MILLIONS)		2008	Net		2007	Net
	Number	Total	Income	Number	Total	Income
		Assets			Assets	
ROA (%)						
OVER 1%	22	7,441	93	31	14,150	169
.75% TO .99%	20	14,516	124	25	9,488	81
.50% TO .74%	20	5,679	32	21	5,317	33
BELOW .50%	40	12,498	(286)	27	9,942	(33)
	102	40,134	(37)	104	38,897	250

National Banks

(\$ IN MILLIONS)		2008	Net		2007	Net
	Number	Total	Income	Number	Total	Income
		Assets			Assets	
ROA (%)						
OVER 1%	4	2,893	32	7	15,745	179
.75% TO .99%	4	11,345	101	8	4,002	34
.50% TO .74%	6	2,427	13	2	894	5
BELOW .50%	4	4,190	(100)	3	2,840	(3)
	18	20,855	46	20	23,481	215

HOLDING COMPANY OWNERSHIP ANALYSIS

(\$ IN MILLIONS) DATA AS OF 12/31/2008	Number of Banks	Number of HC's	Total Assets	Assets %	Total Deposits	Deposits %
INDEPENDENT BANKS						
State Banks w/o HC	10	0	\$714	1.17%	\$527	1.16%
IN HC W/One State Bank	74	74	\$28,712	47.08%	\$22,663	49.81%
National Banks w/o HC	1	0	\$241	0.40%	\$212	0.47%
IN HC w/One National Bank	12	12	\$14,494	23.76%	\$10,453	22.98%
TOTALS	97	86	\$44,161	72.41%	\$33,855	74.41%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	13	9	\$10,266	16.83%	\$6,702	14.73%
IN HC w/One or More National Banks	5	3	\$6,120	10.03%	\$4,567	10.04%
Sub Total	18	12				
Holding Company Duplications	0	-2				
TOTALS	18	10	\$16,386	26.87%	\$11,269	24.77%
OUT OF STATE MULTI-BK HOLDING CO.						
O-ST HC w/One or More State Banks	5	3	\$442	0.48%	\$373	0.53%
O-St HC w/One or More National Banks	0	0	\$0	0.00%	\$0	0.00%
Sub Total	5	3				
Holding Company Duplications	0	0				
TOTALS	5	3	\$442	0.48%	\$373	0.53%
GRAND TOTALS	120	99	\$60,989	100.00%	\$45,497	100.00%

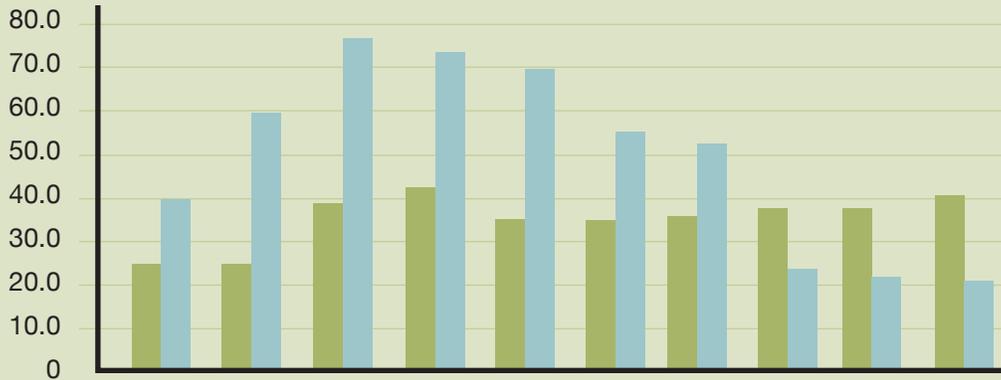
HOLDING COMPANY OWNERSHIP ANALYSIS

(\$ IN MILLIONS) DATA AS OF 12/31/2007	Number of Banks	Number of HC's	Total Assets	Assets %	Total Deposits	Deposits %
INDEPENDENT BANKS						
State Banks w/o HC	12	0	\$796	1.28%	\$604	1.30%
IN HC W/One State Bank	77	77	\$23,814	38.18%	\$18,881	40.78%
National Banks w/o HC	1	0	\$240	0.38%	\$209	0.45%
IN HC w/One National Bank	14	14	\$17,207	27.59%	\$12,859	27.78%
TOTALS	104	91	\$42,057	67.42%	\$32,553	70.32%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	11	8	\$13,992	22.43%	\$9,044	19.54%
IN HC w/One or More National Banks	5	3	\$6,034	9.67%	\$4,449	9.61%
Sub Total	16	11				
Holding Company Duplications	0	-2				
TOTALS	16	9	\$20,026	32.10%	\$13,493	29.15%
OUT OF STATE MULTI-BK HOLDING CO.						
O-ST HC w/One or More State Banks	4	2	\$295	0.48%	\$248	0.53%
O-St HC w/One or More National Banks	0	0	\$0	0.00%	\$0	0.00%
Sub Total	4	2				
Holding Company Duplications	0	0				
TOTALS	4	2	\$295	0.48%	\$248	0.53%
GRAND TOTALS	124	102	\$62,378	100.00%	\$46,294	100.00%

TOTAL ASSETS

State and National Banks

(\$ IN BILLIONS)



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
State	25.6	26.1	39.2	42.2	34.9	34.5	35.6	38.3	38.9	40.1
National	40.4	59.5	76.2	73.9	69.1	54.5	52.2	24.0	23.5	20.9

Year	State Banks		National Banks	
	Total Assets (\$ In Billions)	Percentage	Total Assets (\$ In Billions)	Percentage
1999	25.6	38.8%	40.4	61.2%
2000	26.1	30.5%	59.5	69.5%
2001	39.2	34.0%	76.2	66.0%
2002	42.2	36.3%	73.9	63.7%
2003	34.9	33.6%	69.1	66.4%
2004	34.5	38.8%	54.5	61.2%
2005	35.6	40.5%	52.2	59.5%
2006	38.3	61.5%	24.0	38.5%
2007	38.9	62.3%	23.5	37.7%
2008	40.1	65.7%	20.9	34.3%

SUMMARY OF STATE BANK

Branch Openings in 2008

Name	City	Address	City	State	Opened
The Peoples State Bank	Ellettsville	601 East Temperance Street (Mobile)	Ellettsville	IN	1/2/2008
Community State Bank	Avilla	708 West 7th Street	Auburn	IN	1/3/2008
Monroe Bank	Bloomington	9720 East U.S. Highway 36	Avon	IN	1/14/2008
Greenfield Banking Company	Greenfield	7397 North 600 West, Suite I	McCordsville	IN	1/22/2008
STAR Financial Bank	Fort Wayne	3610 River Crossing Parkway	Indianapolis	IN	2/19/2008
Greenfield Banking Company	Greenfield	5783 West U.S. 52	New Palestine	IN	2/25/2008
Mutual Savings Bank	Franklin	206 South Main Street	Edinburgh	IN	2/25/2008
Heartland Community Bank	Franklin	2433 East Main Street	Greenwood	IN	3/18/2008
CSB State Bank	Cynthiana	11201 Upper Mount Vernon Road	Evansville	IN	4/8/2008
State Bank of Lizton	Lizton	900 East 56th Street	Brownsburg	IN	4/30/2008
The Napoleon State Bank	Napoleon	1221 West Westridge Parkway	Greensburg	IN	6/9/2008
The LaPorte Savings Bank	LaPorte	1 Parkman Drive	Westville	IN	6/16/2008
Owen County State Bank	Spencer	3400 West State Road 46	Spencer	IN	7/1/2008
Citizens State Bank of New Castle, Indiana	New Castle	129 South Pendleton Avenue Stop 600	New Castle	IN	7/3/2008
Community First Bank of Howard County	Kokomo	1308 East Hoffer Street	Kokomo	IN	7/14/2008
Your Community Bank	New Albany	3 Riverfront Plaza, 471 West Main Street	Louisville	KY	7/21/2008
Centier Bank	Whiting	1320 Broadway	Gary	IN	7/21/2008
Monroe Bank	Bloomington	15941 Cumberland Road	Noblesville	IN	9/2/2008
MainSource Bank	Greensburg	2507 Progress Parkway	Shelbyville	IN	9/15/2008
Farmers State Bank	LaGrange	400 North Benton Street	Millersburg	IN	10/6/2008
Peoples Bank SB	Munster	1801 West 25th Avenue	Gary	IN	10/27/2008
Ameriana Bank, SB	New Castle	11521 Olio Road	Fishers	IN	11/3/2008
Bath State Bank	Bath	3828 South US Highway 27	West College Corner	IN	11/12/2008
Heartland Community Bank	Franklin	215 U.S. 31 North	New Whiteland	IN	12/2/2008
STAR Financial Bank	Fort Wayne	14675 Hazel Dell Crossing - Outlot #4	Noblesville	IN	12/8/2008
Ameriana Bank, SB	New Castle	3975 West 106th Street	Carmel	IN	12/22/2008

SUMMARY OF STATE BANK Branch Closings in 2008

Name	City	Address	City	Closed
1st Source Bank	South Bend	5615 US Highway 6	Portage	6/27/2008
Salin Bank and Trust Company	Indianapolis	537 South Reed Road	Kokomo	6/28/2008
Salin Bank and Trust Company	Indianapolis	2821 South Washington Street	Kokomo	6/28/2008
Irwin Union Bank and Trust Company	Columbus	2033 State Street	Columbus	7/8/2008
MainSource Bank	Greensburg	1121 East Stop 11 Road	Indianapolis	8/29/2008
Indiana Bank and Trust Company	Columbus	1540 North State Street	North Vernon	10/10/2008
MainSource Bank	Greensburg	816 South Mill Street	Crawfordsville	12/31/2008



Department of Financial Institutions Support Staff

NEW STATE BANK

Subsidiaries in 2008

Subsidiary Name	Bank Name	City	Purpose	Established
Kentland Funding Corp.	Kentland Bank	Kentland	Real Estate Investment Trust	2/1/2008
GAB Funding Corp.	German American Bancorp	Jasper	Real Estate Investment Trust	3/3/2008
GAB Capital Funding Corp.	German American Bancorp	Jasper	Investment Portfolio Mgmt.	3/3/2008
NSSB Investments, Inc.	North Salem State Bank	North Salem	Investment Portfolio Mgmt.	3/6/2008
HCB Investments, Inc.	Heartland Community Bank	Franklin	Investment Portfolio Mgmt.	4/1/2008
HIE Enterprises, LLC	Monroe Bank	Bloomington	Real Estate Loan Mgmt.	5/23/2008
Title Center of Indiana, LLC	Hendricks County Bank and Trust Company	Brownsburg	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	Wayne Bank and Trust Company	Cambridge City	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	Irwin Union Bank and Trust Company	Columbus	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	Heartland Community Bank	Franklin	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	Indiana Business Bank	Indianapolis	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	Salin Bank and Trust Company	Indianapolis	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	State Bank of Lizton	Lizton	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	Farmers State Bank	New Ross	Title Insurance Agency	6/1/2008
Title Center of Indiana, LLC	Jackson County Bank	Seymour	Title Insurance Agency	6/1/2008
Banc Realty, LLC	Bank of Evansville	Evansville	Real Estate Loan Mgmt.	6/12/2008
Washington and Michigan Insurance, Inc.	1st Source Bank	South Bend	Captive Insurance Agency	7/9/2008
GABC Leasing, Inc.	German American Bancorp	Jasper	Leasing Mgmt.	8/11/2008
GABC Holdings, Inc.	German American Bancorp	Jasper	Asset Management	8/11/2008

Branch Office Relocations in 2008

Name	From/To Address	From/To City	Moved
Bloomfield State Bank	225 South Emerson Avenue, Suite G 893 East Main Street, Suite F	Greenwood Greenwood	1/14/2008
Community Bank	1175 South 10th Street 1007 South 10th Street	Noblesville Noblesville	2/4/2008
MainSource Bank	14 South Weston Road - Wealth Management Office 635 South Market Street - Wealth Management Office	Troy, OH Troy, OH	3/3/2008
STAR Financial Bank 315 South Adams Street	101 South Branson Street Marion	Marion	3/14/2008
Centier Bank	4725 Indianapolis Boulevard 720 West 145th Street	East Chicago East Chicago	4/28/2008
Irwin Union Bank and Trust Company	805 West Carmel Drive 751 City Center Drive	Carmel Carmel	7/21/2008
Indiana Bank and Trust Company	67 West Main Street 2879 Highway 31	Austin Austin	11/3/2008
Kentland Bank	810 South College Avenue 480 South College Avenue	Rensselaer Rensselaer	12/1/2008

Additions & Deletions in 2008

Holding Company Name	City	Activity	Effective Date
Warrick Loan & Savings Association	Boonville	Merged with Warrick Interim Bank, Inc., Boonville	1/25/2008
Warrick Interim Bank, Inc.	Boonville	Merged with First Security Bank of Owensboro Owensboro, KY	1/25/2008
The Farmers State Bank	Lanesville	Merged with First Financial Service Corporation Elizabethtown, KY	6/25/2008

Merger/Consolidations of State Banks in 2008

Surviving Institution Institution Merged	City	Surviving Institution Name	City	Consummated
Warrick Interim Bank, Inc. Warrick Loan & Savings Association	Boonville, IN Boonville, IN	Warrick Interim Bank, Inc.	Boonville	1/25/2008
First Security Bank of Owensboro Warrick Interim Bank, Inc.	Owensboro, KY Boonville, IN	First Security Bank of Owensboro	Owensboro	1/25/2008
M&I Marshall & Ilsley Bank First Indiana Bank, National Association	Milwaukee, WI Indianapolis, IN	M&I Marshall & Ilsley Bank	Milwaukee	2/2/2008
1st Source Bank First National Bank of Valparaiso	South Bend, IN Valparaiso, IN	1st Source Bank	South Bend	6/6/2008
First Financial Service Corporation The Farmers State Bank	Elizabethtown, KY Lanesville, IN	First Financial Service Corporation	Elizabethtown	6/25/2008
MainSource Bank 1st Independence Bank, Inc.	Greensburg, IN Louisville, KY	MainSource Bank	Greensburg	11/14/2008

Holding Company Acquisitions in 2008

Holding Company Name	City	Target Name	City	Consummated
M&I LLC	Milwaukee, WI	First Indiana Corporation	Indianapolis	2/2/2008
First Financial Service Corporation	Elizabethtown, KY	FSB Bancshares, Inc.	Lanesville	6/25/2008
Hoosier Heartland State Bancorp	Crawfordsville	Linden State Bancorp New Ross Bancorp	Linden New Ross	12/8/2008
First Merchants Corporation	Muncie	Lincoln Bancorp	Plainfield	12/31/2008

Formations in 2008

Incorporator	Proposed Name	Proposed City	Consummated
M. Lynn Cooper	Warrick Interim Bank, Inc.	Boonville	1/25/2008

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/08

DFIID	Name	City	Total Assets
263	Community State Bank	Avilla	\$174,304
161	Bath State Bank	Bath	\$158,316
182	First Bank of Berne	Berne	\$406,458
280	Bloomfield State Bank	Bloomfield	\$440,602
212	Monroe County Bank	Bloomington	\$816,754
8857	United Commerce Bank	Bloomington	\$180,276
229	Peoples Trust & Savings Bank	Boonville	\$118,525
37	The Farmers & Merchants Bank	Boswell	\$91,243
226	The First State Bank	Bourbon	\$79,488
171	Community State Bank	Brook	\$42,230
284	The Farmers State Bank	Brookston	\$58,468
227	Hendricks County Bank & Trust Company	Brownsburg	\$143,932
149	The Peoples Bank	Brownstown	\$122,139
244	State Bank of Burnettsville	Burnettsville	\$47,057
39	Wayne Bank and Trust Company	Cambridge City	\$145,073
25	Indiana Bank and Trust Company	Columbus	\$4,327,766
193	Irwin Union Bank & Trust Company	Columbus	\$983,271
209	First Farmers Bank and Trust Company	Converse	\$657,768
204	Community First Bank	Corydon	\$256,629
144	The Fountain Trust Company	Covington	\$212,780
168	CSB State Bank	Cynthiana	\$54,342
281	DeMotte State Bank	DeMotte	\$336,950
258	Dupont State Bank	Dupont	\$66,168
223	The Elberfeld State Bank	Elberfeld	\$53,644
8821	Elkhart Community Bank	Elkhart	\$99,918
10990	The Peoples State Bank	Ellettsville	\$226,952
11382	Bank of Evansville	Evansville	\$294,725
245	Evansville Commerce Bank	Evansville	\$63,228
8	Citizens Exchange Bank	Fairmount	\$56,996
30	The Fairmount State Bank	Fairmount	\$36,339
310	STAR Financial Bank	Fort Wayne	\$1,678,956
8587	Tower Bank and Trust Company	Fort Wayne	\$692,745
28	Fowler State Bank	Fowler	\$128,696
9	Alliance Bank	Francesville	\$262,997
205	The Farmers Bank	Frankfort	\$390,026
7806	Heartland Community Bank	Franklin	\$229,999
14	Mutual Savings Bank	Franklin	\$135,894
132	Springs Valley Bank & Trust Company	French Lick	\$250,605

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/08

DFIID	Name	City	Total Assets
233	The Friendship State Bank	Friendship	\$244,348
172	The Garrett State Bank	Garrett	\$153,146
146	Bank of Geneva	Geneva	\$121,312
9158	Goshen Community Bank	Goshen	\$87,424
285	Grabill Bank	Grabill	\$598,543
277	Greenfield Banking Company	Greenfield	\$342,844
143	MainSource Bank	Greensburg	\$2,483,611
78	Griffith Savings Bank	Griffith	\$99,659
296	Pacesetter Bank	Hartford City	\$111,709
8800	Freedom Bank	Huntingburg	\$244,871
38	The Bippus State Bank	Huntington	\$108,025
7650	First Internet Bank of Indiana	Indianapolis	\$542,235
10640	Indiana Business Bank	Indianapolis	\$89,978
179	Salin Bank and Trust Company	Indianapolis	\$776,124
11047	Symphony Bank	Indianapolis	\$55,030
291	German American Bancorp	Jasper	\$1,183,387
289	The Campbell & Fetter Bank	Kendallville	\$249,649
240	Kentland Bank	Kentland	\$226,649
10203	Community First Bank of Howard County	Kokomo	\$183,091
9033	Lafayette Community Bank	Lafayette	\$130,888
253	Farmers State Bank	LaGrange	\$464,200
238	Farmers & Merchants Bank	Laotto	\$77,351
184	The LaPorte Savings Bank	LaPorte	\$367,735
273	Linden State Bank	Linden	\$58,315
31	State Bank of Lizton	Lizton	\$274,414
166	Greensfork Township State Bank	Lynn	\$158,562
288	MarkleBank	Markle	\$303,061
252	State Bank of Medora	Medora	\$58,456
183	Farmers State Bank	Mentone	\$110,791
175	First State Bank of Middlebury	Middlebury	\$378,959
137	Peoples Savings & Loan Association, Monticello	Monticello	\$36,067
187	Citizens Bank	Mooreville	\$336,766
649	Peoples Bank SB	Munster	\$665,161
194	The Napoleon State Bank	Napoleon	\$125,684
50	Your Community Bank	New Albany	\$737,818
56	Ameriana Bank, SB	New Castle	\$461,468
224	Citizens State Bank	New Castle	\$232,473
198	Farmers State Bank	New Ross	\$68,556

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/08

DFIID	Name	City	Total Assets
235	The New Washington State Bank	New Washington	\$212,068
234	Community Bank	Noblesville	\$236,030
170	The North Salem State Bank	North Salem	\$128,122
33	Ossian State Bank	Ossian	\$80,353
188	Lincoln Bank	Plainfield	\$876,435
207	First State Bank of Porter	Porter	\$125,508
314	West End Bank, SB	Richmond	\$178,075
16	Tri-County Bank & Trust Company	Roachdale	\$134,605
35	Community State Bank	Royal Center	\$83,408
7990	Midwest AG Finance, Incorporated	Rushville	\$58,187
287	Central Bank	Russiaville	\$58,682
153	Spencer County Bank	Santa Claus	\$80,544
199	The Scott County State Bank	Scottsburg	\$154,391
225	Jackson County Bank	Seymour	\$405,553
176	1st Source Bank	South Bend	\$4,445,830
228	Owen County State Bank	Spencer	\$176,832
278	Grant County State Bank	Swayzee	\$63,227
147	The Farmers State Bank	Sweetser	\$17,381
293	Terre Haute Savings Bank	Terre Haute	\$263,899
317	The Morris Plan Company of Terre Haute	Terre Haute	\$55,301
270	CentreBank	Veedersburg	\$51,754
222	Lake City Bank	Warsaw	\$2,376,286
236	The Merchants Bank & Trust Company	West Harrison	\$211,245
220	American Trust and Savings Bank	Whiting	\$138,457
215	Centier Bank	Whiting	\$1,968,570
282	Bank of Wolcott	Wolcott	\$80,853

ACTIVE CORPORATE FIDUCIARIES 12/31/08

Name	City	Trust Assets Under Administration*
Trust Company of Oxford	Carmel	\$2,211,600
Lake County Trust Company	Crown Point	\$1
Nexus Fiduciary Trust Corporation	Fishers	\$0
STAR Wealth Management	Fort Wayne	\$147,630
Tower Trust Company	Fort Wayne	\$535,617
Hoosier Trust Company	Indianapolis	\$183,143
German American Financial Advisors & Trust Company	Jasper	\$103,654
Harbour Trust and Investment Management Company	Michigan City	\$358,031
Indiana Trust and Investment Management Company	Mishawaka	\$920,913

* in Thousands



First Bank of Middlebury - Middlebury, Indiana

DIVISION OF CREDIT UNIONS



The Credit Union Division regulates and supervises state chartered credit unions under the authority of the Indiana Credit Union Act. The division's primary goal is ensuring the state chartered credit unions operate safely and soundly, and in compliance with state statutes.

PERSONNEL AND TRAINING

Credit Union Supervisor Mark Powell directs a division comprised of a highly trained, professional staff comprised of five field examiners and one field supervisor.

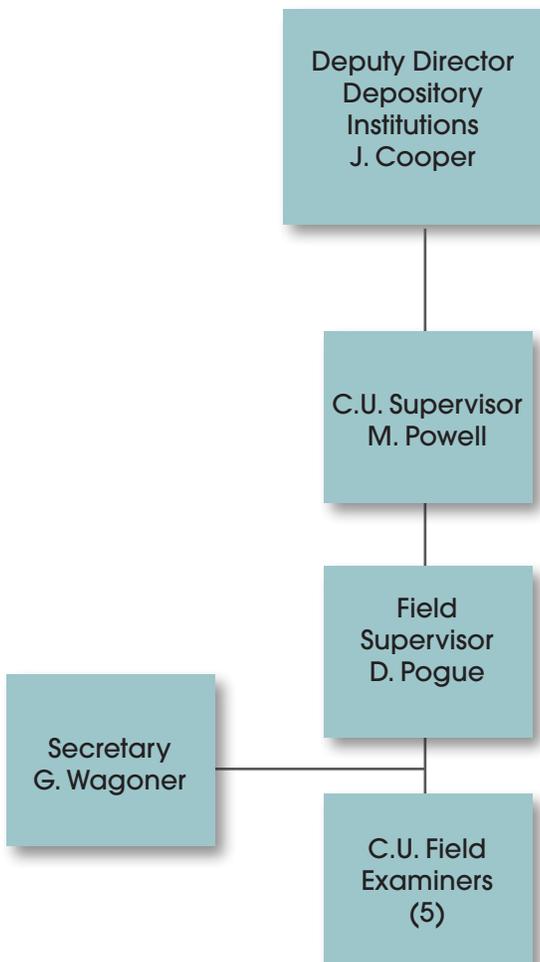
The Credit Union Division continues to provide extensive training and professional development to its examiners. In 2008 division management and staff attended training sessions sponsored by both the National Credit Union Administration (NCUA) and the National Association of State Credit Union Supervisors (NASCUS). These sessions provided up-to-date training on bank secrecy act/anti-money laundering issues, current and emerging issues, investment/asset liability management issues, consumer, commercial and real estate lending, fraud detection, and effective problem resolution. These sessions also afforded an exchange of ideas and experiences with examiners from outside Indiana.

Credit Union Division staff also attended a three day training conference for all Department employees held in Bloomington during September 2008. Topics covered included bank fraud and data mining, new accounting rules for credit union mergers, legislative updates, overview of federal compliance, risk management, and a general economic update.

EXAMINATION AND SUPERVISION

The division's goal is to perform an examination of each of our state chartered credit unions within a fifteen month cycle. This goal was met during 2008. Examiners also performed several interim contacts at credit unions exhibiting problem areas. In addition to on-sight contacts, supervision occurred via monthly reporting to assigned examiners.

The division's approach to examination is "risk based." Each Examiner-in-Charge determines the scope at the onset of the examination, based on the perceived risk inherent in the credit union's operation. Factors involved in the scope determination include, but are not limited to: prior examination findings and ratings; perceived quality and stability of management; the



DIVISION OF CREDIT UNIONS

complexity of the credit union's product offerings; results of the annual audit; and information provided by management on the pre-examination survey.

The division continues to use the CAMEL rating system, which assigns ratings for Capital, Asset Quality, Management, Earnings and Liquidity. These areas receive a rating of 1 (best) to 5 (worst). A composite rating derives from the component ratings, and examiners' overall assessment of risk.

Credit unions which receive a CAMEL composite of "3" or below must submit monthly reports to their assigned examiners. Examiners compile and analyze the information. Division management reviews and coordinates supervision efforts.

Communicating with management is an integral part of the examination process. An exit conference occurs at the conclusion of each examination. During this conference the examination findings are discussed with the management team and board of directors of the credit union. We believe this contact aids communication of the problem areas, and hastens resolutions.

The division continued to work cooperatively with the National Credit Union Administration (NCUA) and American Share Insurance (ASI). The NCUA and ASI are responsible for the deposit insurance programs that insure all of the savings (shares) held by Indiana state chartered credit unions. The NCUA and ASI perform insurance-risk reviews in coordination with the examinations performed by division staff. Credit union division management personnel meet with their NCUA and ASI counterparts regularly to discuss problem credit unions' progress, and schedule joint contacts.

INDUSTRY ASSOCIATIONS

The division continued to work cooperatively with trade associations and professional organizations devoted to the benefit of the credit union industry. As part of our commitment senior division and department staff attended several meetings with the Indiana Credit Union League to discuss potential legislation that would be proposed before the state legislature.

The division remains closely involved with the National Association of State Credit Union Supervisors (NASCUS). NASCUS promotes the dual chartering system, and the autonomy of state regulatory agencies. Credit Union Supervisor Mark Powell is a member of

the Performance Standards Committee and has served as this committee's chairman in the past. During 2008 the division maintained its accredited status. The maintenance of accredited status involves extensive self-evaluation, prepared by examination and supervisory staff, and off-site review of the division's operation by NASCUS representatives. The division received unqualified approval of its operation during this review process. Indiana's Credit Union Division was the second state regulatory authority to receive NASCUS accreditation, in 1990, and it remains committed to the high ideals for which it stands.

FINANCIAL TRENDS

As of December 31, 2008 there were 46 active state chartered credit unions. The combined total assets of these 46 credit unions as of December 31, 2008 were \$8,302M an increase of \$346M over December 31, 2007. This translates to a 4.3% increase in the total assets of all state chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$6,381M as of December 31, 2007 to \$6,667M as of December 31, 2008 this represents a growth in deposits of 4.5%. Member loans made by Indiana credit unions increased from \$5,591M as of December 31, 2007 to \$5,887M as of December 31, 2008. This represents an increase of 5.3% in loans to members.

The following credit union has been merged into another credit union since the last annual report:

*Hoosier Hills Credit Union merged into Spencer County Credit Union**

The following credit union converted from a federal charter to a state charter since the last annual report:

Harvester Financial Credit Union, Indianapolis

**Subsequent to the merger Spencer County Credit Union changed its name to Hoosier Hills Credit Union*

CREDIT UNION ANNUAL REPORT 12/31/08

Balance Sheet - Schedule A

STATE CHARTERED CREDIT UNIONS				Indiana Federally Chartered Credit Unions
ASSETS	12/31/06	12/31/07	12/31/08	12/31/08
Loans	4,881	5,633	5,941	5,968
Less: Allowance for Loan Loss	(32)	(42)	(54)	(48)
Cash on Hand, Cash on Deposit, & Cash Equivalents	556	663	516	592
Federal Agencies & U. S. Government Obligations	459	554	788	590
Banks, Savings & Loan & Mutual Sav. Banks	195	213	369	666
Other Investments	326	571	372	628
Other Assets	315	364	370	407
TOTAL ASSETS	\$6,700	\$7,956	\$8,302	\$8,803
LIABILITIES				
Shares	5,431	6,381	6,667	7,565
Total Borrowings	471	632	651	165
Dividends Payable	1	2	1	2
Accounts Payable & Other Liabilities	66	70	89	74
TOTAL LIABILITIES	5,969	7,085	7,408	7,806
EQUITY				
Regular Reserve	321	376	417	205
Other Reserve	10	9	4	39
Accumulated Unrealized Gain/Loss	(3)	-	3	7
Undivided Earnings	403	486	470	746
TOTAL EQUITY	731	871	894	997
TOTAL LIABILITIES & EQUITY	\$6,700	\$7,956	\$8,302	\$8,803
Number of State Chartered Credit Unions:	45	46	46	
Number of Federally Chartered Credit Unions:	172	166	158	

INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/08

Income Statement - Schedule B (\$ in Millions)

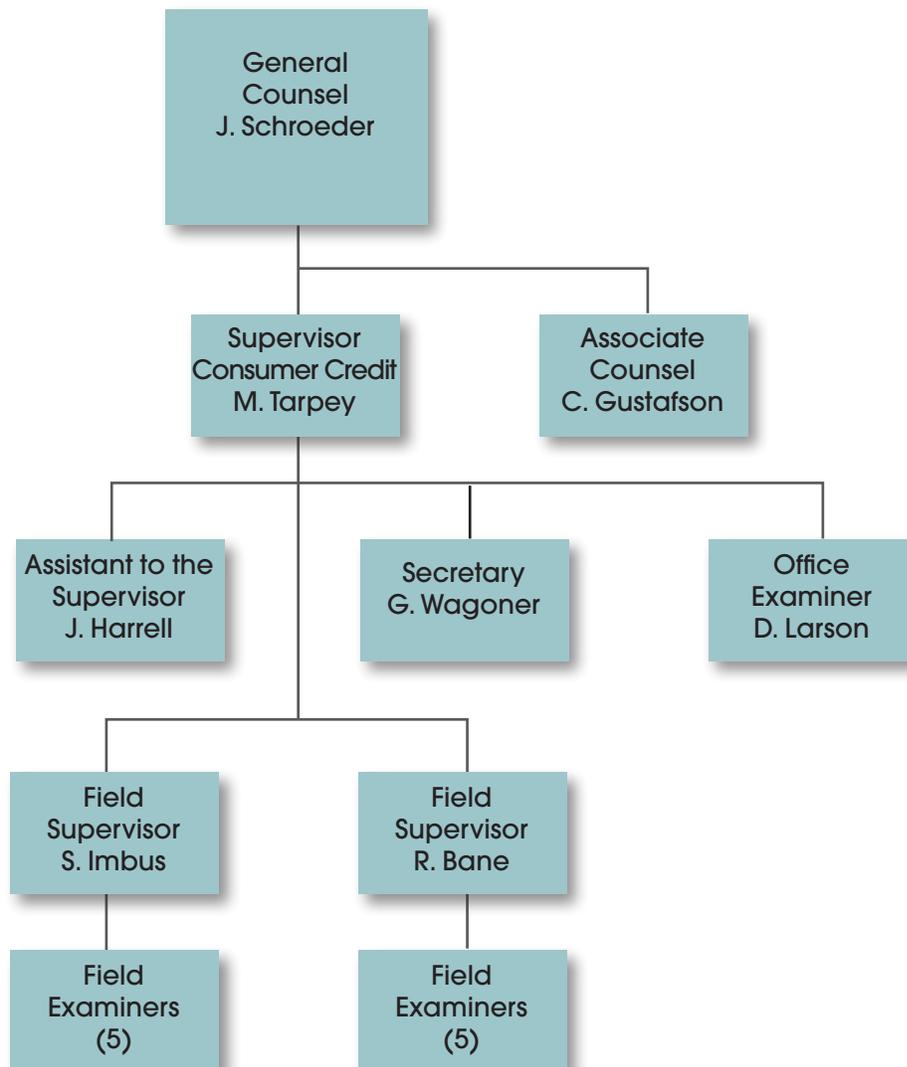
	STATE CHARTERED CREDIT UNIONS			Indiana Federally Chartered Credit Unions
INCOME	12/31/06	12/31/07	12/31/08	12/31/08
Interest on Loans	296	355	368	386
Less Interest Refunds	(1)	(1)	(1)	-
Income on Investments	58	87	73	87
Other Income	94	117	112	126
TOTAL INCOME	447	558	552	599
EXPENSES				
Employee Compensation & Benefits	109	133	138	166
Travel & Conference	3	4	4	5
Office Occupancy	16	19	22	27
Office Operations	41	48	50	66
Educational & Promotional	9	11	11	13
Loan Servicing	9	10	12	20
Professional & Outside	17	20	21	33
Provision for Loan Losses	21	29	54	43
Members Insurance	-	-	-	1
Operating Fees	1	1	1	2
Interest on Borrowed Money	21	25	25	6
Other Expenses	5	9	8	5
TOTAL EXPENSES	252	309	346	387
NET INCOME BEFORE TRANSFERS & DIVIDENDS	195	249	206	212
DIVIDENDS TO MEMBERS	148	200	167	184
NET INCOME	47	49	39	28
DISTRIBUTION OF NET INCOME				
Transferred to Regular Reserves	31	38	37	-

CREDIT UNIONS

TOTAL ASSETS IN 2008

LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Auburn	Dekalb Financial Credit Union	\$ 90,594,397
Bedford	Hoosier Hills Credit Union	\$ 315,900,000
Bloomington	Indiana University Credit Union	\$ 581,504,000
Bluffton	Franklin Electric Employees Credit Union	\$ 1,262,128
Brazil	Clay County Farm Bureau Co-Op Credit Union	\$ 6,947,085
Columbus	Centra Credit Union	\$ 800,279,802
Crown Point	Tech Credit Union	\$ 245,594,000
East Chicago	East Chicago Firemen's Credit Union	\$ 1,097,655
Fishers	Forum Credit Union	\$ 1,068,967,000
Fort Wayne	General Credit Union	\$ 75,796,571
Fort Wayne	Pinnacle Credit Union	\$ 28,134,000
Fort Wayne	Public Service Employees Credit Union	\$ 23,393,816
Goshen	Interra Credit Union	\$ 459,603,179
Hagerstown	Perfect Circle Credit Union	\$ 47,228,676
Hammond	Hammond Firefighters Association Credit Union	\$ 1,466,159
Indianapolis	Double Eleven Credit Union	\$ 36,338,719
Indianapolis	Energy Plus Credit Union	\$ 26,667,501
Indianapolis	Family Horizons Credit Union	\$ 87,310,220
Indianapolis	Firefighters Credit Union	\$ 47,722,163
Indianapolis	Harvester Credit Union	\$ 51,430,000
Indianapolis	Hoosier Farm Bureau Credit Union	\$ 9,524,447
Indianapolis	Indiana Members Credit Union	\$ 1,114,417,000
Indianapolis	Indianapolis Post Office Credit Union	\$ 47,396,464
Indianapolis	KEMBA (Indianapolis) Credit Union	\$ 54,075,399
Indianapolis	Northpark Community Credit Union	\$ 51,570,480
Indianapolis	Professional Police Officers	\$ 31,957,514
Indianapolis	State Merit Service Credit Union	\$ 4,963,270
Kokomo	Kokomo Post Office Credit Union	\$ 2,409,660
La Porte	Municipal Employees Credit Union	\$ 779,438
Lawrenceburg	Community Spirit Credit Union	\$ 13,529,164
Loogootee	Martin County Cooperative Credit Union	\$ 8,388,701
Marion	Via Credit Union	\$ 210,320,135
Merrillville	Members Source Credit Union	\$ 57,338,710
Michigan City	Members Advantage Credit Union	\$ 66,859,045
Mishawaka	Taper Lock Credit Union	\$ 32,367,983
Monroe	Adams County Farm Bureau Co-Op Credit Union	\$ 13,675,593
Muncie	Muncie Post Office Credit Union	\$ 1,014,620
New Albany	New Albany Schools Credit Union	\$ 16,236,505
Richmond	NATCO Credit Union	\$ 43,967,692
Richmond	Richmond State Hospital Emp. Credit Union	\$ 1,379,420
Seymour	Jackson County Co-Op Credit Union	\$ 17,135,929
South Bend	South Bend Post Office Credit Union	\$ 10,817,636
South Bend	Teachers Credit Union	\$ 1,876,009,845
Sullivan	Sullivan County Credit Union	\$ 8,909,237
Wabash	Beacon Credit Union	\$ 600,911,886
Warsaw	United Credit Union	\$ 9,398,165
Net Assets – Includes Allowance for Loan Losses		\$ 8,302,591,009

DIVISION OF CONSUMER CREDIT



DIVISION OF CONSUMER CREDIT

Statutes administered by the Consumer Credit Division include:

IC 24-4.4 -	First Lien Mortgage Lending (effective January 1, 2009)
IC 24-4.5 -	Indiana Uniform Consumer Credit Code
IC 24-4.5-7 -	Small Loans (Payday Loans)
IC 24-7 -	Rental Purchase Agreements
IC 28-1-29 -	Debt Management Companies
IC 28 7-5 -	Pawnbrokers
IC 28-8-4 -	Money Transmitters
IC 28-8-5 -	Check Cashers

IC 24-4.4: First Lien Mortgage Lending

Under this new statute, first lien mortgage lenders became subject to licensing requirements and periodic compliance examinations as of January 1, 2009. The purpose of the act is to: 1) permit and encourage the development of fair and economically sound first lien mortgage lending practices, and 2) conform the regulation of first lien mortgage lending practices to applicable state and federal laws, rules, and regulations.

In recognition of the need for a nationwide monitoring system for the mortgage industry, the statute provides for the use of an automated central licensing system and repository, operated by a third party, to serve as the sole entity responsible for processing license applications and renewals, and performing other services necessary for the orderly administration of the department's licensing system under the statute.

Mortgage lenders make application for the license via the Nationwide Mortgage Licensing System and Registry (NMLSR), with all licensing decision made by the Department. NMLSR collects licensing and renewal fees from applicants and licensees, and remits such fees to licensing jurisdictions.

The license application window for First Lien Mortgage Lending opened on November 1, 2008, and 49 licenses were issued before the end of the year. The licenses are effective as of January 1, 2009.

Detailed examination procedures were created for the licensees under this new statute. Examinations will monitor licensees compliance with lending statutes, adherence to their own internal policies and procedures, and the borrowers' ability to repay the loan transactions signed for. Examinations will commence in the second quarter of calendar year 2009.

IC 24-4.5: Indiana Uniform Consumer Credit Code

When an Indiana consumer borrows money from a bank or finance company, makes a purchase on installment credit, leases a vehicle for personal use, the consumer is entering into a transaction that is regulated by the Indiana Uniform Consumer Credit Code (the Code). This means that the consumer must receive certain required disclosures, and there are limitations on the finance charge and other types of charges that may be imposed on the transaction. The Code has been in force since it was enacted in the 1971 session of the Indiana General Assembly. Ten other states have similar uniform consumer credit laws.

A stated purpose of the statute is to simplify, clarify, and modernize consumer credit laws. Additional purposes include:

- provide rate ceilings sufficient to assure an adequate supply of credit to consumers;
- further consumer understanding of the terms of credit transactions;
- foster competition among the various suppliers of consumer credit so that consumers may obtain credit at a reasonable cost;
- protect consumers from unfair practices arising from consumer credit transactions having due regard for the interests of legitimate and scrupulous creditors;
- permit and encourage the development of fair and economically sound consumer credit practices; and

DIVISION OF CONSUMER CREDIT

- conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act.

The Code regulates all persons or entities regularly extending credit to individuals for a personal, family, or household purpose. Lenders are required to obtain a loan license and other creditors are required to file a notification with the Department. To be covered, a transaction must have an amount financed that does not exceed \$50,000, or the debt must be secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor. The debt must be payable by written agreement in more than four installments or the debt must be subject to a finance charge.

First lien mortgages are exempt from the statute except for limited provisions applicable to depository institutions. The Code does not regulate transactions that are for agricultural, business, or commercial purposes.

Note: The Department experienced a significant loss in the number of licensed lenders during calendar year 2008 due to problems associated with the decline of the housing market and limited credit availability.

GAP Administrators: GAP means Guaranteed Auto (Asset) Protection. This is a credit related product that may offer protections to consumers when they experience a total loss to their vehicle and the balance on the credit contract exceeds the actual cash value of the vehicle. If a consumer has purchased GAP coverage and suffers a total loss the “gap” between the value of the vehicle and the balance on the credit agreement will be waived, subject to certain conditions and limitations.

Before a GAP administrator may offer this product in Indiana the administrator and their product must be approved by the Department. There are disclosure requirements, fee limitations, and cancellation refund requirements associated with GAP products.

IC 24-4.5-7: Small Loans (Payday Loans)

A certain segment of the population does not qualify for typical credit services because they have not established verifiable and reliable repayment practices. Other people may choose to bypass normal credit channels for relatively small loans for convenience reasons. If such people have steady employment and an active checking account they can usually obtain loans from payday lenders. Payday loans range in size from \$50 to \$550, have a term of at least 14 days, and entitle the lender to hold a personal check or electronic payment authorization for repayment of the loans.

Because these loans are made without regard to the normal underwriting standards based on character, capacity to repay, and collateral, the transactions carry an enhanced repayment risk factor, and lenders are permitted to impose substantially higher finance charge rates than are permitted on normal credit transactions. These transactions have the highest finance rates permitted by statute.

IC 24-7: Rental Purchase Agreements

As an alternative to making a purchase on credit, a consumer may enter into a rent to own transaction for certain goods. These transactions allow consumers to rent household goods, with little or no credit check, take the goods home, and make periodic payments similar to credit transactions. In a rent to own transaction the consumer may return the goods to the rental store and cancel the transaction at any time. There is no legal obligation to remain in the transaction. However, if the consumer does remain in the transaction, and makes a specified number of payments, the consumer becomes the owner of the property that was rented.

The Rental Purchase Agreement Act regulates rent to own transactions in Indiana. The statute contains disclosure requirements and additional charge limitations to give consumers a measure of protection. Entities in this business must be registered with the Department.

DIVISION OF CONSUMER CREDIT

IC 28-1-29: Debt Management Companies

Consumers who find themselves overloaded with unsecured debt and struggling to manage personal financial matters may turn to a debt management company for assistance. These companies analyze the consumer's household financial condition, prepare a workable budget, enter into a contract with the debtor to pay creditors, and make payment arrangements with the consumer's listed creditors. Consumers then make one periodic payment to the debt management company, which in turn pays the creditors as arranged.

Companies in this business must be licensed by the Department. The debt management company act was amended effective July 1, 2007, to cover all debt management agreements solicited and entered into in Indiana, regardless of the physical location of the debt management company. This amendment caused a significant increase in the number of licensed debt management companies operating in Indiana.

IC 28-7-5: Pawnbrokers

A credit source available to any person with portable security is a pawn loan. Pawnbrokers make short term, generally small dollar amount loans, based on the value of the security offered for the transaction. The security must be portable because the pawnbroker must take possession of the security offered on a pawn loan, and must hold the security in a safe and secure manner.

For this type of loan the borrower need not prove their credit worthiness via credit reports and income verifications. When consumers fail to repay pawn loans they forfeit the pledged item, which becomes the property of the pawnbroker.

Pawnbrokers must obtain a license before doing business in Indiana.

IC 28-8-4: Money Transmitters

A common method for money to be moved over long distances between two individuals, with either person or both being un-banked, is by the use of a money transmitter. A consumer remits cash at an agent that is convenient to them, in return they receive a money order payable to a third party, or they execute an order for funds to be wired to a specific location for receipt by a specific person. These services allow un-banked consumers to make money order payments to certain entities, and they allow consumers to electronically send money to any other person at almost any location on the earth.

Money Transmitters must obtain a license before doing business in Indiana.

IC 28-8-5: Check Cashers

The services of a check casher are vital to individuals without a banking relationship who receive wages via a paycheck or other benefits via check or draft. Various types of checks are known to carry differing risk factors, so the cost to cash a check can vary based on the type of check and the issuer of the check.

Check Cashers must obtain a license before doing business in Indiana. The chapter does not apply to a financial institution organized under IC 28 or federal law and the chapter does not apply to persons engaged in the business of cashing checks if:

- (1) the transaction is incidental to the retail sale of goods or services; and
- (2) consideration (as defined in section 3 of this chapter) for cashing checks does not exceed the greater of:
 - (A) two percent (2%) of the face amount of the check; or
 - (B) two dollars (\$2).

DIVISION OF CONSUMER CREDIT

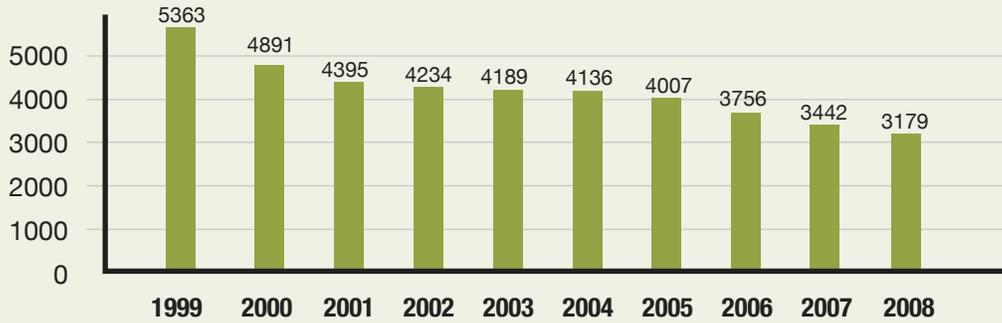
Licensed and registered entities are subject to periodic examinations to determine compliance with the statutes corresponding to their business type. As examiners discover violations they try to determine the cause and obtain assurance from the licensees or registrants that future transactions will be in compliance. Preventing violations is considered to be as significant as citing violations for remedies.

Type of Examination	No. of Exams	Exam Days	No. of Violations	\$ Amount Refunded	No. of Non-\$ Violations
Licensed Lenders	36	56.99	676	\$ 11,734.00	17
Small Loan (Payday Loan)	22	117.49	492	\$ 3,416.50	37
Retail Creditor	666	627.83	41,818	\$1,682,823.26	176
Financial Institution	45	187.13	770	\$ 83,698.70	101
Rental Purchase	24	38.90	1,194	\$ 28,400.82	20
Debt Management	8	12.91	37	\$ 2,050.83	9
Pawn Broker	36	64.04	207	\$ 1,153.39	48
Money Transmitter	1	5.00			20
Check Cashing	24	17.67	11	\$ 2,412.76	10
Subordinate Lien	21	167.04	3,713	\$ 70,037.84	9
	883	1,295.00	48,918	\$1,885,728.10	447

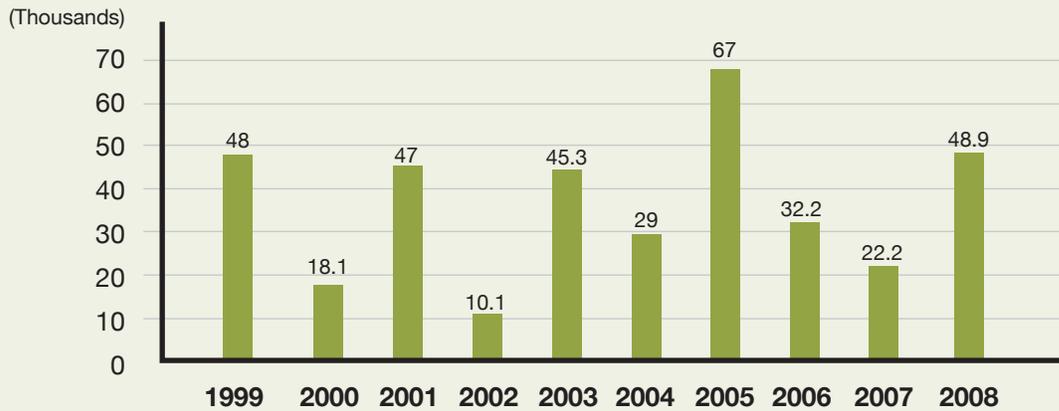


Jackson County Bank - Seymour, Indiana

IUCCC Filers/Licensees



Number of Reimbursable Violations



NOTE: 2000 and 2002 violations were lower due to reduced staff and expanded small loan examinations made in those years.

Amount of Reimbursable Violations



DIVISION OF CONSUMER CREDIT

New Licenses Issued in 2008

Number	Name	City	State	Date
Licensed Lenders				
10540	Stenton Mortgage, Inc.	Plymouth Meeting	PA	1/28/08
10588	TMG Financial Services, Inc.	Des Moines	LA	4/25/08
10611	Pertuity Consumer Finance LLC.	Pittsburgh	PA	4/25/08
10650F	Farragut Financial Corporation	Houston	TX	4/25/08
10704	Cummins Inc.	Columbus	IN	6/12/08
10706	Vantium Capital Inc.	Santa Clarita	CA	8/29/08
10765	Santander Consumer USA Inc.	Dallas	TX	8/29/08
10695	HSBC Auto Finance, Inc.	Mettawa	IL	10/10/08
10757	Chief Financial Services, Inc.	Carmel	IN	10/10/08
Pawnbrokers				
10606	Team 100, LLC.	Indianapolis	IN	1/28/08
Check Cashing				
10535	Lending Hand Inc.	Monticello	IN	1/28/08
10593	B & NJ, Inc.	Evansville	IN	1/28/08
10605	Ladybug Cleaners LLC.	Knox	IN	1/28/08
10599	Trinity International, Inc.	Fort Wayne	IN	4/25/08
10637	Burkun, LLC.	Fort Wayne	IN	4/25/08
10662	American Check Cashing LI, Inc.	Fort Wayne	IN	6/24/08
10663	Heeter & Smith Corporation	South Bend	IN	6/24/08
10681	Affordable Check Cashing, Inc.	Fort.Wayne	IN	10/10/08
10750	Amy Brown & Michael Brown	Elkhart	IN	11/26/08
Debt Management				
10557	Garden State Consumer Credit Counseling, Inc.	Freehold	NJ	3/7/08
10628	Clearpoint Financial Solutions, Inc.	Richmond	VA	3/7/08
10541	Money Management International, Inc.	Houston	TX	4/25/08
10564	Family Financial Education Foundation	Evanston	WY	4/25/08
10616	Momentive Consumer Credit Counseling Service, Inc.	Indianapolis	IN	6/24/08
10632	Consumer Credit Counseling Service of the Midwest, Inc.	Columbus	OH	6/24/08
10636	IPAYDEBT Financial Services	Austin	TX	6/24/08
10656	Credit Advisors, Inc.	Omaha	NE	6/24/08
10699	Consumer Credit Counseling Service of Greater Atlanta, Inc.	Atlanta	GA	6/24/08
10735	Alliance Credit Counseling, Inc.	Charlotte	NC	10/10/08
10766	Creditguard Of America Inc.	Boca Raton	FL	11/26/08

DIVISION OF CONSUMER CREDIT

New Licenses Issued in 2008

Number	Name	City	State	Date
Small Loan				
10500	CW Financial of IN, LLC.	Silver Springs	MD	1/28/08
10534	Lending Hand Inc.	Monticello	IN	1/28/08
10610	47th & Broadway Currency Exchange, Inc.	Gary	IN	3/7/08
10665	Heeter & Smith Corporation	South Bend	IN	6/24/08
10604	LadyBug Cleaners LLC.	Knox	IN	10/10/08
10688	Zoom Loan, LLC.	Miami	FL	11/26/08
10698	Thomas & Meindl, Inc.	Greenville	SC	11/26/08
First Lien Mortgage Lending				
10848	American Financial Resources, Inc.	Denville	NJ	12/8/08
10853	Stonewater Mortgage Corporation	Tucson	AZ	12/8/08
10854	Top Flite Financial, Inc.	Williamston	MI	12/8/08
10864	Nationstar Mortgage LLC.	Lewisville	TX	12/8/08
10873	First Option Mortgage, LLC.	Atlanta	GA	12/8/08
10874	Mason McDuffie Mortgage Corporation	San Ramon	CA	12/8/08
10879	Sirva Mortgage, Inc.	Independence	OH	12/8/08
10889	Genequity Mortgage, Inc.	Irving	TX	12/8/08
10955	Birmingham Bancorp Mortgage Corp.	West Bloomfield	MI	12/8/08
10858	First Liberty Financial Group, LLC.	Owensboro	KY	12/17/08
10884	Wyndham Capital Mortgage, Inc.	Charlotte	NC	12/17/08
10886	BBC Funding Corporation	West Bloomfield	MI	12/17/08
10902	Barrons Mortgage Group, Ltd.	Charlotte	NC	12/17/08
10903	Quicken Loans Inc.	Livonia	MI	12/17/08
10904	IFREEDOM Direct Corporation	Salt Lake City	UT	12/17/08
10918	Advanced Financial Services, Inc.	Newport	RI	12/17/08
10919	One Reverse Mortgage, LLC.	San Diego	CA	12/17/08
10923	Mortgage 360, Inc.	Fort Wayne	IN	12/17/08
10880	H & H Financial Group LLC.	Newburgh	IN	12/23/08
10920	Midwest Mortgage Capital, LLC.	Saint Louis	MO	12/23/08
10960	American Acceptance Mortgage, Inc.	Indianapolis	IN	12/23/08
10972	Homeowners Mortgage of America, Inc.	Atlanta	GA	12/23/08
10981	Maverick Funding Corp.	Parsippany	NJ	12/23/08
10986	Franklin First Financial, Ltd.	Melville	NY	12/23/08
11031	Winterwood Mortgage Group, LLC.	Greenwood	In	12/23/08
10845	Morequity, Inc.	Evansville	In	12/31/08
10859	Provident Funding Associates, LP	Burlingame	CA	12/31/08
10860	World Alliance Financial Corp.	Melville	NY	12/31/08
10866	Banc Group Mortgage Corp.	Palos Hills	Il	12/31/08
10871	Wilmington Finance, Inc.	Plymouth Meeting	Pa	12/31/08
10875	Mortgage Lenders of America, LLC.	Overland Park	KS	12/31/08
10896	M/I Financial Corp.	Columbus	Oh	12/31/08
10897	21st Mortgage Corporation	Knoxville	TN	12/31/08

DIVISION OF CONSUMER CREDIT

New Licenses Issued in 2008

Number	Name	City	State	Date
10899	Plaza Home Mortgage, Inc.	San Diego	CA	12/31/08
10907	Ryland Mortgage Company	Calabasas	CA	12/31/08
10939	Ark-La-Tex Financial Services, LLC.	Plano	TX	12/31/08
10952	Amera Mortgage Corporation	Milford	Mi	12/31/08
10959	Assurity Financial Services, LLC.	Englewood	CO	12/31/08
10962	Dunbar Mortgage Company, LLC.	South Bend	In	12/31/08
10967	Genworth Financial Home Equity Access, Inc.	Rancho Cordova	CA	12/31/08
10983	Accredited Home Lenders, Inc.	San Diego	CA	12/31/08
10984	Main Street Financial, Inc.	Pendleton	IN	12/31/08
10985	SWBC Mortgage Corporation	San Antonio	TX	12/31/08
10987	Mortgage Research Center, LLC.	Columbia	MO	12/31/08
10991	Mortgage Investors Corporation	St. Petersburg	FL	12/31/08
10996	Earth Mortgage, LP	Carrollton	TX	12/31/08
10998	Reliance First Capital, LLC	Melville,	NY	12/31/08
10999	Langdon Mortgage Company, Inc.	Indianapolis	IN	12/31/08
11019	First Residential Mortgage Network, Inc.	Louisville	KY	12/31/08
Subordinate Lien Mortgage Lending				
10625	Main Street Financial, Inc.	Pendleton	IN	3/7/08
10562	Genequity Mortgage, Inc.	Irving	TX	4/25/08
10655	Hallmark Home Mortgage, LLC.	Fort Wayne	IN	4/25/08
10660	Royal United Mortgage LLC.	Indianapolis	IN	4/25/08
10614	21st Mortgage Corporation	Knoxville	TN	6/27/08
10855	Top Flite Financial, Inc.	Williamston	MI	12/8/08
10885	Wyndham Capital Mortgage, Inc.	Charlotte	NC	12/17/08
10867	Banc Group Mortgage Corp.	Palos Hills	IL	12/31/08
10979	Amera Mortgage Corporation	Milford	MI	12/31/08

LICENSEES & REGISTRANTS AS OF DECEMBER 31, 2008

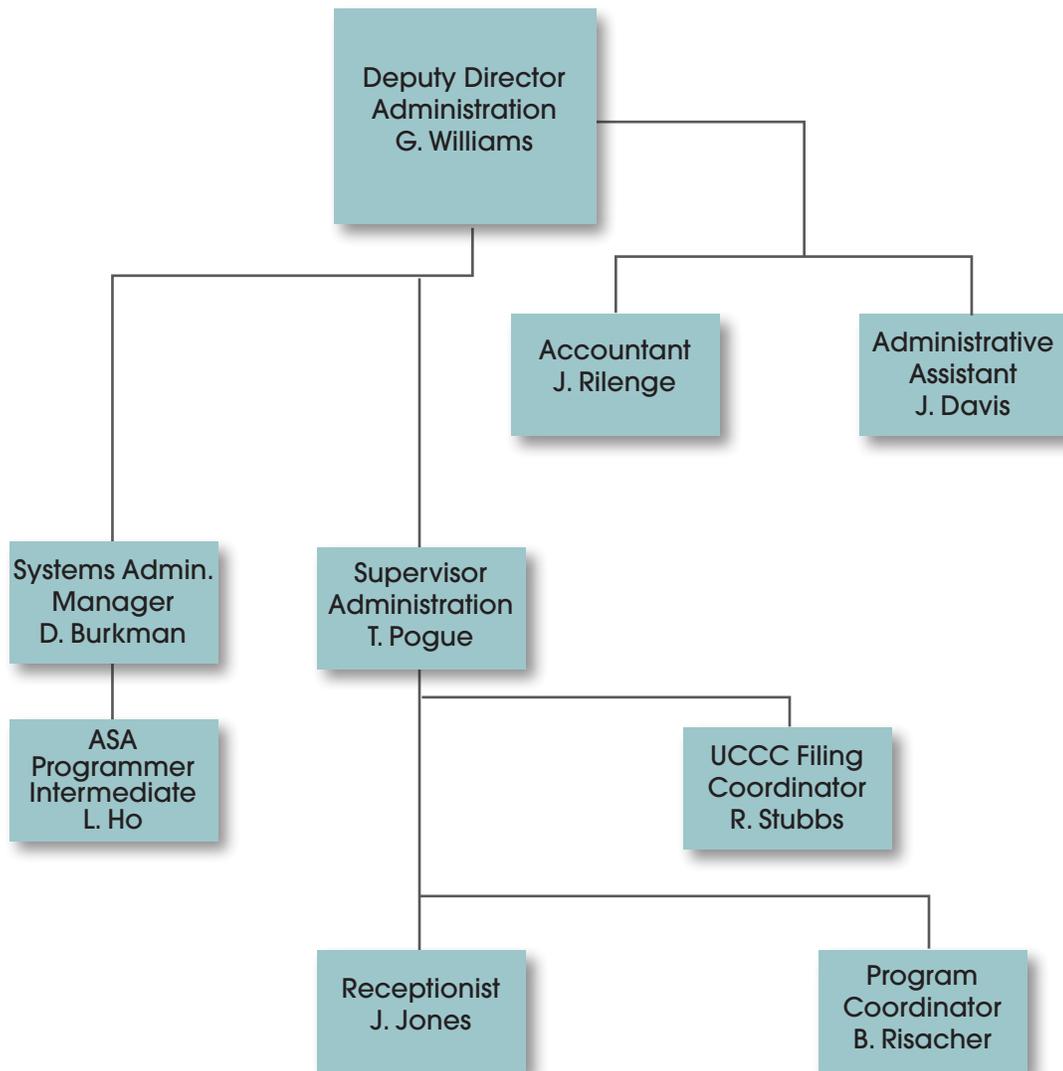
Type	Number Registered	Number Branch Locations
Loan Licenses	66	66
Small Loan Licenses	44	447
Retail Creditors	2,480	1,398
Rental Purchase	51	203
Debt Management	25	15
Pawnbrokers	58	62
Money Transmitters	24	10
Check Cashers	68	538
Financial Institutions	226	1,658
Gap Administrators	49	
First Lien Mortgage	49	
Subordinate Lien Mortgage	88	306
Totals	3,228	4,703



Sullivan County Credit Union - Sullivan, Indiana



DIVISION OF ADMINISTRATION



DIVISION OF ADMINISTRATION

The Division of Administration provides oversight and support in the areas of Fiscal Management; Human Resources and Staff Development; Facilities Management; Communications; Operations; and Information Systems.

The largest expenditures continue to be personnel costs and travel reimbursement. A review of the Department's fiscal operations can be found in the Report of Revenue and Expenditures, which is located elsewhere in this report.

The Department seeks to attract and maintain a highly qualified, capable, and efficient work force. Examiner turnover in 2008 was 11.11%.

The Department actively recruits at many state colleges, universities, and job fairs. A commitment to continuing education is integral to staff development. Various training resources are used to ensure a knowledgeable and well respected staff. Among the sponsors utilized on a regular basis are: the Education Foundation of State Bank Supervisors; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the Federal Financial Institutions Examination Council; the Indiana Bankers' Association, the National Association of Consumer Credit Administrators; the Fiduciary Trust Institute; the National Credit Union Administration, and the National Association of State Credit Union Supervisors. These external programs provide excellent individual technical instruction.

The Department also pursues coordinated training and information sharing opportunities with other State Banking Departments and has increased its focus on internal training methods as a cost effective means to enhance the skills and knowledge of its staff. Management promotes employee development through its Professional Enrichment Program, which provides reimbursement for tuition, books, and mandatory fees for qualifying courses.

This has resulted in staff members earning degrees in management, law, and masters in business administration and continues to enhance the overall knowledge and expertise of our work force. In addition to the primary office in downtown Indianapolis, the Department maintains two district offices. One remains in Columbus, and the second was moved from Lafayette to northwest Indianapolis in a cost saving measure. The Department also leases limited space in Ft. Wayne and South Bend. Management continues to promote telecommuting as an efficient benefit for our mobile work force.

The Department continues to look for ways to better utilize technology. Internal application development as well as participation in various national technology committees provides an ability to research and implement efficient technology initiatives. In 2008, the Department invested in a VOIP system that will provide more streamlined communication via unified messaging and will reduce long term telephone and communication costs.

The Department maintains a toll free telephone number and consumers and industry representatives who wish to speak with a staff member are encouraged to call (800) 382-4880 with their questions and concerns. General information is also available on our website at www.in.gov/dfi. Regular business hours are 8:00 am to 4:30 pm at our primary office located at 30 South Meridian Street, Suite 300, Indianapolis, IN.



Department of Financial Institutions

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